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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank | November/December 1989

Outlook for the Hawaiian Economy in 1990

Economic conditions at the national level call for a cautious approach to 1990. Economic growth is expected to be moderate for next year. The Federal Reserve is working to curb inflationary pressures through defensive monetary policies. However, slower economic growth will set the tone for future easing.

The Hawaiian economy is headed for another year of growth in 1989. Gross business receipts, a measure of overall business activity, increased by 12 percent through September, to $27 billion. The inflation adjusted growth rate is at eight percent. The unemployment rate fell to 2.9 percent through September. Inflation-adjusted total personal income grew by five percent through June, 1989.

This upbeat picture of the Hawaiian economy, however, is marred by the labor shortage. Bottlenecks are occurring across all industries. Total jobs for the state increased by three percent through September, while the civilian labor force increased by one percent. Job count gains in the construction and hotel service job categories were the largest, at 16 and 9 percent, respectively.

Tourism, our largest industry, continued to grow especially due to the rebound of the westbound market. The visitor count through September increased by nine percent to 5 million visitors; it is ahead of the 1988 growth rate. After a lackluster performance last year, the westbound market is surging ahead, up by 10 percent, to 3.5 million visitors. While the eastbound market had a 17-percent growth rate for 1988, as of September, the eastbound count is up by only five percent to 1.5 million visitors.

The neighbor islands' visitor industries are growing at a faster pace. As of September, the westbound market increased at a higher rate for the neighbor islands than for Oahu. In addition, the neighbor islands are getting a larger share of the Japanese overnight-and-longer visitors. From 1987 to 1988, of the Japanese visitors who visited Maui, those who stayed overnight-and-longer increased from 53 to 79 percent, for Kauai from 34 to 62 percent, and for the Big Island from 51 to 82 percent.

For 1990 the visitor industry is expected to grow moderately. The westbound market should grow at a reduced pace reflecting only moderate growth in the national economy. The expanding Japanese economy will be a positive factor for Japanese travel to the islands. The overall visitor count should grow between five and seven percent.

The construction industry is having a banner year in 1989, and growth is expected to continue in 1990. Construction put-in-place, through September, was ahead by 24 percent to $2.3 billion. There are a number of major hotel, commercial, and residential projects underway or being planned. Total private permits authorized, through September, were ahead by 38 percent to $1.4 billion. In addition, government contracts awarded were ahead by three percent to $453 million through September. Given the interest rate environment and the snowballing demands for affordable housing, the value of construction activity should increase by 15 to 25 percent for 1990.

The residential real estate industry reached $2.1 billion in resales for 1988. As of September, resales were ahead by 21 percent to $1.9 billion. The number of single-family and condominium units sold increased by four and six percent, respectively, to 3,234 and 5,739 units. An acceleration of the present real estate growth-rate is not expected. Given the interest and inflation rate expectations, the value of real estate resales should grow by 5 to 15 percent in 1990.

The military sector will be mixed for 1990. Defense expenditures for the second quarter, 1989, rose by four percent to $1 billion, below the rate of inflation. As of July, 1989, there was a 12-percent reduction in military personnel statewide. Total defense expenditures for 1990 are expected to remain stable.

The agriculture industry is also expected to be mixed for 1990. While sugar production is down by 12 percent through September, fresh pineapple outshipments are ahead marginally. The job counts, through September, for sugar and pineapple were down by eight and seven percent, respectively. Diversified agriculture is expected to be up overall, with the leading crops being coffee, macadamia nuts, and papaya.

As of September, 1989, the retail industry experienced a 10-percent sales increase. With the prospects of a solid Hawaiian economy and moderate growth in tourism, retail sales are expected to increase in the range of 5 to 10 percent for 1990.

The outlook for the Hawaiian economy in 1990 calls for moderate growth. Due to a slower-growing national economy, the visitor industry is expected to experience moderate growth next year. The interest and inflation rate environments will be positive factors for the construction and real estate industries. Military spending is expected to be stable. Agriculture is expected to be mixed, and retail sales growth should remain positive. First Hawaiian Bank projections indicate that Hawaii's real gross state product will grow by six percent in 1989 and expectations are for four percent in 1990. Inflation-adjusted total personal income should grow by five percent in 1989 and by three percent in 1990. The Hawaiian economy should expand at a moderate rate in 1990.

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NOVEMBER/DECEMBER FEATURE STORY: HAWAII HOUSING TRENDS

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CURRENT BUSINESS TRENDS

Strong activity in tourism and construction propelled the Hawaiian economy to exceptional growth through the first nine months of 1989. Gross business receipts, a measure of general economic activity, was up by 12 percent, through September, to $27 billion. Oahu had the greatest increase at 13 percent with $23 billion in receipts. Hawaii experienced a 10 percent increase and Kauai and Maui were four and three percent ahead of last year.

Hawaii's unemployment rate remained the lowest in the nation in September. With the state's job count growing to 521,900 positions, through September, the average unemployment rate fell to 2.9 percent. Oahu's average unemployment rate was at 2.6 percent. Maui county had the next lowest rate at 3.1 percent. Kauai had an unemployment rate of 3.3 percent. Hawaii County had the highest unemployment rate at 4.8 percent.

The visitor industry is having its best year since 1986. The overall visitor count for Hawaii was 5,011,740 visitors, through September, up by nine percent over last year. The westbound market led the way with 3,490,470 visitors coming to the islands, an increase of 10 percent. The eastbound arrivals also increased by five percent to 1,521,270 visitors. Neighbor Island visitor growth was especially brisk for the first nine months of 1989. The Big Island's 30 percent increase in westbound visitors led the way.

Hotels reported occupancy rates up from last year. The statewide average occupancy rate this September came to 80 percent, up from 79 percent for the same period last year. Big Island and Kauai hotels experienced the greatest increases; their average occupancy rates at 61 and 72 percent were up from 56 and 67 percent a year ago.

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	3rd Qtr.	5,273p	1.4	7.0
In 1982 Dollars	bil. $	3rd Qtr.	4,158p	0.6	2.8
PERSONAL INCOME**	bil. $	Sept.	4,469p	0.3	8.5
INTEREST RATES					
AVERAGE PRIME RATE	percent	October	10.00	0.0	10.3
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	August	421.8p	1.8	3.4
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	July	127.4	0.6[1]	3.7
Apts., Hotels, Office Bldgs.	1967 = 100	July	124.8	0.5[1]	3.5
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Sept.	117,456	−0.1	1.8
UNEMPLOYMENT*	thous.	Sept.	6,584	2.5	−0.5
UNEMPLOYMENT RATE*	percent	Sept.	5.3	1.9	−1.9
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	Sept.	123.6	0.3	4.3
All Urban Consumers	1982-84 = 100	Sept.	125.0	0.3	4.3
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	Sept.	113.5p	0.2	4.5
All Commodities	1982 = 100	August	112.0p	−0.6	3.7

r = revised
p = preliminary.
[1]Compared to May, 1989.
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Sept.	27,153.7	.....	11.9
Oahu	mil. $	Jan.-Sept.	23,220.2	.....	13.0
Maui County	mil. $	Jan.-Sept.	1,593.4	.....	2.7
Hawaii	mil. $	Jan.-Sept.	1,736.9	.....	10.0
Kauai	mil. $	Jan.-Sept.	603.1	.....	3.8
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Sept.	502.8	.....	8.7
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Sept.	241.0	.....	3.6
RETAILING	mil. $	Jan.-Sept.	9,267.9	.....	9.9
WHOLESALING	mil. $	Jan.-Sept.	7,143.3	.....	14.9
SERVICES	mil. $	Jan.-Sept.	6,246.7	.....	9.8
OAHU NEW CAR SALES	number	Jan.-Sept.	30,001p	.....	−2.4
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	1st half 89	127.4e	2.3[1]	5.2
All Urban Consumers	1982-84 = 100	1st half 89	126.4e	2.4[1]	5.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1988	9,200p	.....	39.4
OVERNIGHT OR LONGER VISITORS	number	Sept.	498,790p	−22.7	6.2
	number	Jan.-Sept.	5,011,740p	.....	8.7
Westbound	number	Sept.	336,170p	−24.5	7.3
	number	Jan.-Sept.	3,490,470p	.....	10.3
Eastbound	number	Sept.	162,620p	−18.6	4.1
	number	Jan.-Sept.	1,521,270p	.....	5.3
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Sept.	127,750p	.....	11.6
AVERAGE LENGTH OF STAY	no. of days	Jan.-Sept.	10.0p	.....	1.0
MEETING ATTENDANCE	number	Jan.-Sept.	203,221	.....	−2.9
ORGANIZED GROUP TOURS	number	Jan.-Sept.	507,230p	.....	17.0
VISITOR COUNT BY COUNTY[2]					
Oahu	number	Sept.	233,530p	−25.7	2.6
	number	Jan.-Sept.	2,369,860p	.....	5.4
Maui County	number	Sept.	144,130p	−22.9	4.3
	number	Jan.-Sept.	1,558,690p	.....	10.0
Hawaii	number	Sept.	70,110p	−29.7	25.8
	number	Jan.-Sept.	656,400p	.....	29.8
Kauai	number	Sept.	90,780p	−39.1	6.7
	number	Jan.-Sept.	918,530p	.....	17.8

p = preliminary. e = estimated.
[1]Compared to 2nd Half 1988.
[2]Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY:					
STATE	percent	Sept.	75.5	−12.8	−0.8
		Jan.-Sept.	80.1	.....	0.9
Oahu	percent	Sept.	85.1	−9.7	−0.1
		Jan.-Sept.	87.7	.....	1.4
Maui (Island)	percent	Sept.	60.6	−18.3	−7.9
		Jan.-Sept.	70.6	.....	−5.4
Hawaii	percent	Sept.	51.0	−24.6	7.4
		Jan.-Sept.	61.3	.....	9.3
Kauai	percent	Sept.	72.4	−13.9	7.4
		Jan.-Sept.	72.4	.....	7.4
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 2nd Qtr.	1,028.1[3]	.....	3.9
Military Payroll	mil. $	Yr. to 2nd Qtr.	459.8	.....	2.9
Civilian Payroll	mil. $	Yr. to 2nd Qtr.	332.7	.....	3.6
Local Purchases	mil. $	Yr. to 2nd Qtr.	235.6[3]	.....	6.3
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1988	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.-Sept.	687.3	.....	−11.6
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Sept.	471.8	.....	8.3
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1988	107.4	.....	8.2
FRESH	thous. lbs.	Jan.-Sept.	202.7	.....	0.7
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	167,267	.....	13.2
FLOWERS & NURSERY PRODUCTS	thous. $	1988	59,646	.....	9.0
Anthurium Outshipments[4]	th. dozens	Jan.-Aug.	596.5	.....	−26.6
Potted Foliage Plants	thous. $	1988	12,424	.....	−6.8
FRUITS & NUTS	thous. $	1987	53,339	.....	3.0
Papaya Sales	th. lbs.	Jan.-Sept.	47,045	.....	19.6
Average Farm Price	cents/lb.	Jan.-Sept.	20.0	−4.8	22.7
Macadamia Nut Sales (in shell)	th. lbs.	1988	45,500	.....	6.6
Average Farm Price	cents/lb.	1988	90.0	.....	7.1
VEGETABLES AND MELONS[5]	th. lbs.	Jan.-Sept.	47,803	.....	−14.2
LIVESTOCK	thous. $	1987	87,939	.....	5.4
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Aug.	23,978	.....	13.0
Average Farm Price (Feedlot Beef)	cents/lb.	August	91.5	0.5	2.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Aug.	4,163	.....	−0.4
Average Farm Price	cents/lb.	August	105.0	1.0	4.0
MILK PRODUCTION	mil. lbs.	Jan.-Aug.	105.5	.....	−2.5
Average Price Sold to Plants	$/100 lbs.	August	20.78	−0.1	2.5
EGG PRODUCTION	mil.	Jan.-Sept.	168.9	.....	0.4
Average Farm Price	cents/doz.	Sept.	81.0	1.9	3.8
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Sept.	6,322	.....	4.4
GAS SALES	th. therms.	Jan.-Sept.	39,115	.....	3.2
TELEPHONE LINES IN SERVICE	thous.	Sept.	548.2	.....	5.0

e = estimate
p = preliminary.
[3]Excludes Naval contract purchases from vendors in the State of Hawaii.
[4]From Hawaii County.
[5]Includes snap beans, cabbage, celery, sweet corn, cucumber, onions, green peppers, tomatoes, and watermelons.

The construction industry is having a banner year in 1989. Through the first three quarters, the value of actual construction came to $2 billion, up by 24 percent over the same period in 1988. Private permit data indicate both residential and nonresidential construction should remain strong in the near future. The value of private permits authorized for residential projects was $592 million through June, up by 47 percent over last year. The value of permits for nonresidential projects also increased by 34 percent to $367 million.

The value of government construction projects continued to grow, but at a slower pace than last year. Total public contracts awarded through September were at $453 million, up by three percent. Last year, at this time, public contracts were up by 41 percent. The state contributed $229 million in contracts. Federal government and county contracts amounted to $63 and $161 million.

Hawaii's two major crops, sugar and pineapple, are experiencing slowdowns in 1989. Sugar production is down by 12 percent, through September, at 687,262 tons. Pineapple outshipments were only one percent higher than last year with 203 million pounds shipped.

Diversified agriculture is having a mixed year in 1989. Vegetable and melon production was down by 14 percent, through September, at 48 million pounds. Anthurium outshipments decreased 27 percent, through August, to 596,500 dozens shipped. Papaya sales, on the other hand, were up by 25 percent with 47 million pounds produced. Cattle production was also up by 13 percent, through August, with 24 million pounds produced.

There is nothing mixed about Hawaii's real estate market. For the state, sales activity in the single-family home market increased by four percent through September, while the average price went up by 13 percent to $295,628. Condominium sales were up by six percent with the average price at $166,929, up by 17 percent.

The increased activity in the economy's different sectors has translated into greater tax collections by the state. As of September, state tax collections totalled about $2 billion, 13 percent higher than in 1988.

Hawaii is headed for its seventh straight year of growth in 1989. Data for the first nine months of the year show tourism, construction, real estate, and some diversified agriculture crops enjoying robust growth. With continued strength in these sectors, Hawaii can look forward to further expansion in 1990.

HAWAII'S HOUSING TRENDS

The ability to purchase a home is the American Dream. However, in spite of the unprecedented growth of the Hawaiian economy through the 1980s, this dream has turned into a nightmare for many residents. As the new decade starts, it is appropriate to reflect on the housing situation in Hawaii and to look forward to the year 2000.

The National Association of Realtors recently reported that Honolulu had the highest median home price in a survey of U.S. metropolitan areas, for the third quarter, 1989. Honolulu's median price of $275,000 reflected a 22-percent increase over the same period last year.

A major portion of Hawaii's housing inventory is not owner occupied. During 1970 to 1988, 41 to 42 percent of Hawaii's housing units were owner occupied, and this compares unfavorably with the national average of 63 to 64 percent. In other words, almost 60 percent of the total housing inventory is used in the residential or visitor rental markets. In 1988, 21,120 condominium units, or 31 percent of all condominium units in the state, were intended for the visitor market.

While most of Hawaii's households are renters, rent increases were in the middle range compared to other metropolitan areas. According to the Consumer Price Index Detailed Report, rent in Honolulu was 32 percent higher during the second half of 1988 than the base year, 1982. Of the 27 areas selected for review, 11 areas experienced greater increases than Honolulu. Nevertheless, rent increases in Honolulu outpaced the general level of inflation. The Honolulu Consumer Price Index rose at a much lower rate of 25 percent during the same period.

Hawaii's high housing costs have most likely led to higher housing densities. While the national household density stood at 2.75 persons per household in 1980, Hawaii had the second highest household density at 3.15 persons per household. This allowed housing costs to be spread among more household members. In addition, Hawaii was ranked last in the percentage of one-person households.

Hawaii's tight housing market has led to an active real estate industry. In 1987, Hawaii was ranked sixth in the percentage increase of existing home sales. Furthermore, total residential resales for 1988 amounted to $2.1 billion, slightly higher than total military expenditures, and represented a 22-percent increase from the previous year.

Looking back at the market during the 1980s, from 1982 to 1985, real estate resale prices were soft; they dropped or

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE						
STATE:		thous. $	Jan.-Sept.	2,331,707	.....	24.2
Oahu		thous. $	Jan.-Sept.	2,009,918	.....	24.8
Maui County		thous. $	Jan.-Sept.	132,223	.....	30.2
Hawaii		thous. $	Jan.-Sept.	140,277	.....	13.0
Kauai		thous. $	Jan.-Sept.	49,289	.....	19.8
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1982 = 100	Sept.	139.4	0.8	4.5
HIGH-RISE		1982 = 100	Sept.	134.4	1.3	6.6
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	Jan.-June	592,028	.....	46.7
	Single Family Units	number	Jan.-June	2,965	.....	4.4
	Multiple Family Units	number	Jan.-June	2,052	.....	63.8
	NONRESIDENTIAL	thous. $	Jan.-June	366,985	.....	34.0
OAHU:	RESIDENTIAL	thous. $	Jan.-Sept.	437,582	.....	29.2
	Single Family Units	number	Jan.-Sept.	1,412	.....	−16.5
	Multiple Family Units	number	Jan.-Sept.	1,556	.....	78.9
	NONRESIDENTIAL	thous. $	Jan.-Sept.	318,462	.....	28.1
MAUI CO.:	RESIDENTIAL	thous. $	Jan.-June	120,061	.....	51.3
	Single Family Units	number	Jan.-June	534	.....	−28.4
	Multiple Family Units	number	Jan.-June	662	.....	131.5
	NONRESIDENTIAL	thous. $	Jan.-June	37,947	.....	−53.4
HAWAII:	RESIDENTIAL	thous. $	Jan.-Sept.	162,262	.....	57.0
	Single Family Units	number	Jan.-Sept.	1,700	.....	27.9
	Multiple Family Units	number	Jan.-Sept.	416	.....	−10.0
	NONRESIDENTIAL	thous. $	Jan.-Sept.	107,189	.....	220.3
KAUAI:	RESIDENTIAL	thous. $	Jan.-Sept.	101,521	.....	53.5
	Single Family Units	number	Jan.-Sept.	553	.....	−0.2
	Multiple Family Units	number	Jan.-Sept.	42	.....	121.1
	NONRESIDENTIAL	thous. $	Jan.-Sept.	34,332	.....	30.3
PUBLIC CONTRACTS AWARDED						
STATE		thous. $	Jan.-Sept.	452,728	.....	3.3
Oahu		thous. $	Jan.-Sept.	337,563	.....	14.9
Maui County		thous. $	Jan.-Sept.	44,364	.....	−44.1
Hawaii		thous. $	Jan.-Sept.	14,923	.....	−65.6
Kauai		thous. $	Jan.-Sept.	19,879	.....	−8.1
BY LEVEL OF GOVERNMENT:						
Federal		thous. $	Jan.-Sept.	62,660	.....	−18.4
State		thous. $	Jan.-Sept.	228,725	.....	−23.5
County		thous. $	Jan.-Sept.	161,342	.....	159.1
REAL ESTATE RESALES						
STATE:	Single Family	number	Jan.-Sept.	3,243	.....	4.2
	Average Price	dollars	Jan.-Sept.	295,628	.....	13.3
	Condominium	number	Jan.-Sept.	5,739	.....	5.7
	Average Price	dollars	Jan.-Sept.	166,929	.....	17.2
OAHU:	Single Family	number	Jan.-Sept.	1,956	.....	−1.2
	Average Price	dollars	Jan.-Sept.	348,296	.....	12.7
	Condominium	number	Jan.-Sept.	4,356	.....	2.2
	Average Price	dollars	Jan.-Sept.	160,919	.....	17.1
MAUI CO.:	Single Family	number	Jan.-Sept.	380	.....	−3.6
	Average Price	dollars	Jan.-Sept.	283,996	.....	20.6
	Condominium	number	Jan.-Sept.	872	.....	10.0
	Average Price	dollars	Jan.-Sept.	202,197	.....	13.8
HAWAII:	Single Family	number	Jan.-Sept.	717	.....	22.1
	Average Price	dollars	Jan.-Sept.	174,076	.....	31.8
	Condominium	number	Jan.-Sept.	302	.....	56.5
	Average Price	dollars	Jan.-Sept.	156,024	.....	25.1
KAUAI:	Single Family	number	Jan.-Sept.	190	.....	34.8
	Average Price	dollars	Jan.-Sept.	235,385	.....	9.2
	Condominium	number	Jan.-Sept.	209	.....	15.5
	Average Price	dollars	Jan.-Sept.	160,928	.....	26.8

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1988	1,218.8	.....	1.5
Total Resident Population	thous.	July 1, 1988	1,098.2	.....	1.5
OAHU:					
Total De Facto Population	thous.	July 1, 1988	902.6	.....	1.2
Total Resident Population	thous.	July 1, 1988	838.5	.....	1.1
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1988	125.0	.....	1.8
Total Resident Population	thous.	July 1, 1988	93.0	.....	3.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1988	126.3	.....	2.4
Total Resident Population	thous.	July 1, 1988	117.5	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1988	64.9	.....	3.3
Total Resident Population	thous.	July 1, 1988	49.3	.....	2.9
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1988	1,04[illegible]4	.....	1.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION[1]	number	Jan.-Sept.	4,466	.....	36.0

p = preliminary
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	19,936p	2.7	10.3
EMPLOYMENT INCOME[1]	mil. $	2nd Qtr.	15,258p	2.7	10.0
Manufacturing	mil. $	2nd Qtr.	633p	2.1	5.9
Construction & Mining	mil. $	2nd Qtr.	1,312p	5.0	30.3
Wholesale	mil. $	2nd Qtr.	614p	2.3	13.1
Retail	mil. $	2nd Qtr.	1,787p	1.1	9.1
Finance, ins., & Real Estate	mil. $	2nd Qtr.	1,089p	7.6	9.2
Trans., Comm., & Util.	mil. $	2nd Qtr.	1,333p	3.3	17.3
Services	mil. $	2nd Qtr.	4,021p	3.4	8.1
Farm & Other	mil. $	2nd Qtr.	370p	−1.9	6.9
Federal Civilian	mil. $	2nd Qtr.	1,097p	0.9	5.4
Federal Military	mil. $	2nd Qtr.	1,399p	0.1	3.2
State & Local	mil. $	2nd Qtr.	1,602p	2.2	7.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	3,073p	3.5	15.4
TRANSFER PAYMENTS ($2,617 minus personal contributions for social insurance $1,013)	mil. $	2nd Qtr.	1,604p	0.8	3.8
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1988	16,753	.....	7.6
Oahu	dollars	1987	16,412	.....	7.0
Maui County	dollars	1987	14,352	.....	5.8
Hawaii	dollars	1987	12,455	.....	6.3
Kauai	dollars	1987	13,085	.....	6.0

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

WAIIAN BANK

only rose moderately. The greatest increase in single-family home prices appeared in 1987, when prices rose by 26 percent. Condominium prices are on an upward trend. The current 1989 price increase of 18 percent is the highest since 1986. Apparently, the market has shifted to condominiums since they tend to be more affordable.

Construction costs in Hawaii are higher. Nationally, residential construction costs increased by 22 percent from 1982 to 1988, or at an annual rate of 3.7 percent. However, Honolulu's single-family construction cost index showed a 33-percent rise, resulting in an annual increase of 5.5 percent.

Much has also been said about Hawaii's high housing prices being caused by the short supply of land available for housing. As of 1988, four percent of the state's land mass was zoned as urban with the rest zoned as agriculture, conservation, or rural. In addition, only 13 percent of the total farm acreage was used for crops in 1987. This limited supply of land available for housing naturally creates and protects the high value of real estate.

High housing costs are not new. The Federal Housing Administration estimated that in 1960, the average market price of residential sites in Hawaii was $6,502, or two and a half times the U.S. average. By 1980, Hawaii's average price rose to $60,048, or five and a half times the U.S. average of $11,004. Moreover, the average lot size in Hawaii was half the size on the U.S. mainland, which works out to $10.18 versus $0.86 per square foot.

Housing construction has not kept pace with the housing needs of the 1980s. From 1980 to 1986, the residential housing inventory increased by eight percent, statewide. The Big Island and Kauai County's inventory rose by 19 percent, Maui County's housing inventory rose by 13 percent, and Honolulu's inventory rose by five percent. Notwithstanding, the state's Housing Finance and Development Corporation (HFDC) estimated that there was a shortfall of 20,222 units statewide based on the number of households formed during that period.

Future housing demands will be determined by demographic and employment considerations. According to projections by the Department of Business and Economic Development, Hawaii can expect to have 1.3 million residents by the year 2000, reflecting a 22-percent increase from 1985. Neighbor island growth is expected to exceed Honolulu growth. While Honolulu's population is forecasted to increase by 15 percent, Kauai's population is

forecasted to increase by 51 percent, the Big Island by 47 percent, and Maui by 45 percent. By the year 2000, the neighbor islands are expected to have 27 percent of the population whereas in 1980, they had 21 percent.

Another factor increasing housing demand is the downward trend in household density. In 1950, there was an average of 4.14 persons per household. That ratio decreased to 3.87 persons in 1960, to 3.59 persons in 1970, and to 3.15 persons in 1980.

According to the forecasted resident population of 1.3 million persons for 2000, and assuming that four percent will live in group quarters, the HFDC estimates that the state will need 85,763 additional residential units over the 1986 number. This assumes that the expected household density is three persons per household. Of these additional units, 64,322 units, or 75 percent, should be affordable.

Future housing demand is also dependent on income levels. The major source of current and near future employment for Hawaii's population will be the service sector. As of 1985, 71 percent of all jobs were in the service sector, and the proportion is expected to rise to 75 percent by 2000.

Historically, a normal characteristic of service industry jobs has been the low pay. However, the average annual wages of such service industries as medical and other health services, finance, insurance, real estate, wholesale trade, utilities, communication, and transportation were above Hawaii's average annual wage of $19,060 in 1987. Employees in such industries amounted to 36 percent of the total private-service employees. The average wage of government employees was also above the all-industry average.

In addition, by 2000, jobs in retail, eating and drinking establishments, and hotels are projected to make up 25 percent of all jobs in the state, up by two percentage points from 1985. In considering today's labor shortage and visitor industry growth especially on the neighbor islands, wages in these industries are being bid up. Hawaii's service economy may be less responsible in the future for the unaffordability of housing.

Hawaii, like many other states, has special housing need groups. Many affordable housing developments focus on the gap group families, those with incomes too high for government-assisted rental housing and too low for conventional financing for market priced homes. These families usually fall within 80 and 120 percent of an area's median income. However, there

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	September	523.7p	−2.1	2.6
Employment	thous.	September	512.1p	−2.5	3.3
Unemployment	thous.	September	11.6p	19.6	−20.0
Unemployment Rate	percent	September	2.2p	22.2	−21.4
OAHU:					
Civilian Labor Force	thous.	September	385.8p	−1.9	2.6
Employment	thous.	September	377.8p	−2.3	3.1
Unemployment	thous.	September	8.0p	23.1	−16.7
Unemployment Rate	percent	September	2.1p	23.5	−19.2
MAUI COUNTY:					
Civilian Labor Force	thous.	September	52.7p	−3.7	1.5
Employment	thous.	September	51.5p	−4.1	2.2
Unemployment	thous.	September	1.2p	20.0	−20.0
Unemployment Rate	percent	September	2.2p	29.4	−24.1
HAWAII:					
Civilian Labor Force	thous.	September	58.1p	−1.9	3.9
Employment	thous.	September	56.3p	−2.1	5.4
Unemployment	thous.	September	1.8p	5.9	−28.0
Unemployment Rate	percent	September	3.0p	3.4	−31.8
KAUAI:					
Civilian Labor Force	thous.	September	27.2p	−1.4	3.4
Employment	thous.	September	26.5p	−2.2	4.3
Unemployment	thous.	September	0.7p	16.7	−22.2
Unemployment Rate	percent	September	2.2p	15.8	−37.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	September	535.5p	−1.0	3.1
Oahu	thous.	September	410.5p	−0.9	2.9
Maui County	thous.	September	47.8p	−2.8	2.1
Hawaii	thous.	September	51.5p	−0.8	4.9
Kauai	thous.	September	25.7p	−0.8	4.5
SUGAR (Mill and Field)	thous.	September	6.1p	−1.6	−9.0
PINEAPPLE (Cannery and Field)	thous.	September	3.3p	−17.5	−10.8
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	September	17.7p	0.6	1.7
Durable Goods	thous.	September	4.4p	0.0	4.8
Non-Durable Goods	thous.	September	13.3p	0.8	0.8
Apparel and Textiles	thous.	September	2.5p	0.0	−7.4
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	September	8.5p	0.0	−2.3
CONTRACT CONSTRUCTION	thous.	September	28.1p	1.4	18.1
TRANSPORTATION	thous.	September	30.3p	1.0	7.4
COMMUNICATION	thous.	September	7.2p	0.0	−2.7
UTILITIES	thous.	September	2.8p	0.0	3.7
RETAIL TRADE	thous.	September	108.5p	−0.9	1.4
WHOLESALE TRADE	thous.	September	21.2p	−0.5	1.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	September	36.0p	0.3	2.6
HOTEL SERVICES—STATE	thous.	September	36.9p	−1.3	3.9
Oahu	thous.	September	18.4p	−1.6	2.8
Maui County	thous.	September	8.2p	−1.2	1.2
Hawaii	thous.	September	6.2p	−1.6	12.7
Kauai	thous.	September	4.2p	0.0	2.4
OTHER SERVICES	thous.	September	101.7p	0.6	3.9
FEDERAL GOVERNMENT	thous.	September	33.1p	−0.6	−0.6
Civilian Agencies	thous.	September	13.1p	0.0	−0.8
Defense Department	thous.	September	20.0p	−1.0	−0.5
STATE GOVERNMENT	thous.	September	47.5p	−4.6	3.7
COUNTY GOVERNMENT	thous.	September	14.2p	−8.4	3.6
NON-AGRICULTURE SELF-EMPLOYED	thous.	September	33.0p	−1.5	3.4

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg) ..	number	September	4,756	−12.3	−20.7
Intrastate Initial Claims	number	Jan.-Sept.	35,014	.....	−12.0
Interstate Initial Claims	number	Jan.-Sept.	2,069	.....	−14.5
Unemployment Insur. Benefits	thous. $	Jan.-Sept.	31,555	.....	−20.4
INCOME MAINTENANCE:					
Recipients[1]	no. persons	September	52,011	1.3	4.8
Payments	thous. $	Jan.-Sep.	85,852	.....	11.7
MEDICAL ASSISTANCE:					
Recipients[1]	no. patients	September	50,504	12.4	7.8
Payments	thous. $	Jan.-Sept.	144,261	.....	10.8
FOOD STAMPS:					
Recipients[1]	no. persons	August	79,135	−0.5	−2.0
Payments	thous. $	Jan.-Aug.	48,856	.....	−3.3
SERVICES:					
Recipients[1]	no. cases	2nd Qtr.	7,654	3.2	−1.0
Payments	thous. $	2nd Qtr.	4,925	.....	1.0

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	Sept.	10,896.8	2.6	13.6
Debits To Demand Deposits	mil. $	Sept.	15,809.3	10.3	47.0
OAHU:					
Total Deposits	mil. $	Sept.	8,985.2	3.0	13.3
Debits To Demand Deposits	mil. $	Sept.	14,514.0	11.7	50.0
MAUI:					
Total Deposits	mil. $	Sept.	792.6	1.2	16.4
Debits To Demand Deposits	mil. $	Sept.	577.6	2.4	27.4
HAWAII:					
Total Deposits	mil. $	Sept.	751.9	−0.4	15.2
Debits To Demand Deposits	mil. $	Sept.	464.4	−7.8	11.9
KAUAI:					
Total Deposits	mil. $	Sept.	367.0	1.5	13.0
Debits To Demand Deposits	mil. $	Sept.	253.2	−5.9	19.9
BANK LOANS OUTSTANDING STATE:[1]	mil. $	2nd Qtr.	7,348.1	4.9	22.0
Real Estate	mil. $	2nd Qtr.	3,481.1	5.3	26.1
Consumer	mil. $	2nd Qtr.	1,212.2	1.4	7.2
Commerical & Industrial	mil. $	2nd Qtr.	2,100.6	2.9	19.1
Other	mil. $	2nd Qtr.	423.6	16.6	54.4
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Sept.	10.3	10.8	12.0
SAVINGS & LOAN ASSOCIATIONS:[2]					
Total Deposits	mil. $	July	4,740.0	1.9	14.8
Total Loans	mil. $	July	123.3	−16.0	−2.1
Mortgage Loans	mil. $	July	105.7	−16.0	−4.4
TAX COLLECTIONS:[3]					
STATE	thous. $	Jan.-Sept.	1,819,121	.....	13.4
Oahu	thous. $	Jan.-Sept.	1,572,678	.....	14.1
Maui County	thous. $	Jan.-Sept.	114,186	.....	15.0
Hawaii	thous. $	Jan.-Sept.	98,664	.....	16.6
Kauai	thous. $	Jan.-Sept.	43,593	.....	5.4

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

are other groups that also have difficulty dealing with Hawaii's housing market. In Honolulu, alone, the city estimated that as of 1988, there were 6,960 persons physically or mentally handicapped on rental subsidies, 23,240 single-parent households, 264 persons with AIDS, 2,500 persons homeless, and 14,100 persons elderly or handicapped. Of the various government programs designed to assist with the housing needs in Hawaii, the Federal government's Section 8 rental subsidy program has over $31 million in rental subsidies for 1989 for their existing unit program.

The elderly may represent a growing need group, especially since they must cope with the housing situation on fixed incomes. The population of those aged 65 plus is expected to increase from nine percent of the population in 1985 to 13 percent in 2000. In Hawaii, people are expected to live longer than in other states (78 years). As of 1987, Hawaii was ranked forty-third in the nation for those aged 65 plus as a percent of the resident population. Hence, Hawaii's present older population is relatively small compared to the rest of the nation.

Notwithstanding, the elderly caught in the housing crisis may be at an extreme disadvantage. According to the state's Executive Office on Aging, the median education level of the elderly population in the U.S. was higher. In comparing the U.S. and Hawaii statistics, the median years of schooling was 11 versus five to eight years, the high school completion rate was 46 versus 21 percent, and the percent of the elderly population with at least four years of college education was 10 versus nine percent. Since higher education levels usually lead to higher incomes and the increased potential to be homeowners, Hawaii's elderly caught in the housing pinch have a bleak future.

In spite of the seemingly unending need for housing, the state estimated that by 2000, almost the entire demand for affordable housing can possibly be met. Of the 64,322 affordable units needed, 15,355 units are projected to be built without any specific public policy intervention. Of the 48,967 remaining needed units, 95 percent can possibly be produced with direct policy response.

Given the projected increases in population, fulfilling the expected housing demand will be a challenge. There are those who may never experience the "American Dream" of home ownership. Government and private-sector efforts to develop housing are welcome in Hawaii. Realizing home ownership will always be a goal for many residents, while continuing to be no more than a dream for some.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank
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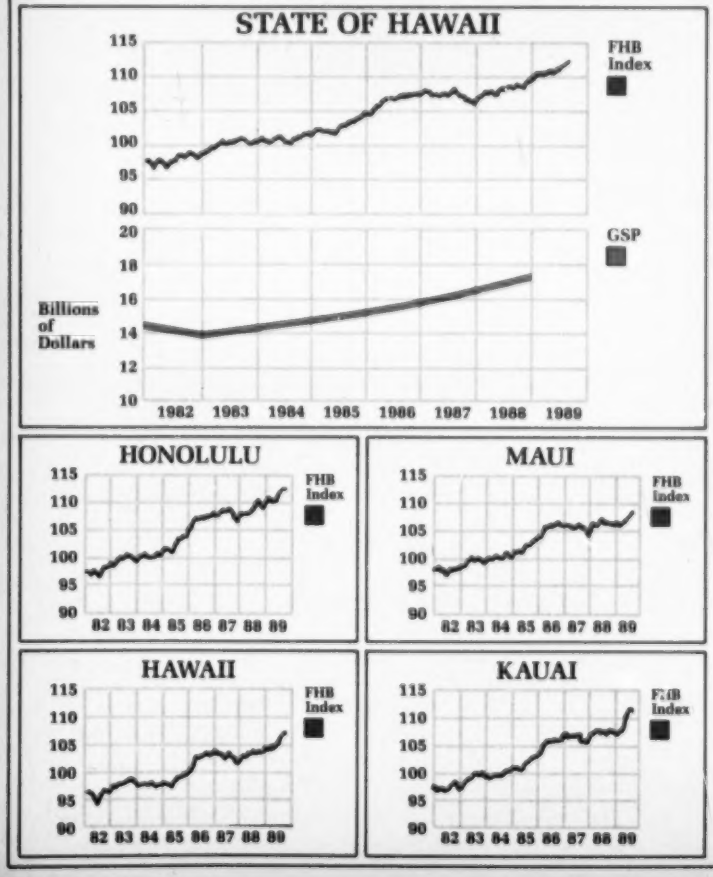

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators for the State of Hawaii increased by 0.3 percent for September. This is the fourth consecutive monthly increase and indicates continued growth into 1990. Of the ten index components, the Hawaii-stock and money-supply indicators increased, the interest-rate indicator remained stable, and the average-workweek-hour and inflation indicators decreased. Also, strengths in the credit-demand, tourism, and public-construction indicators were offset by weakness in the private-construction indicator. The unemployment indicator remained stable. At the county level, the Honolulu and Maui County indexes rose, the Hawaii County index remained stable, and the Kauai County index decreased. Honolulu County experienced strengths in the credit-demand, tourism, and public-construction indicators. Maui County experienced strengths in the credit-demand and tourism indicators. For Hawaii County, only the credit-demand indicator rose. Kauai County experienced strengths in the private-construction and credit-demand indicators.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank | January/February 1990

Air Transportation Growth in Hawaii

Hawaii experienced tremendous tourism growth in the 1980s. From 1980 to 1989, the total visitor count increased from 3.9 to 6.6 million visitors. The eastbound market share increased from 23 to 30 percent. Growth of the air transportation industry led this expansion. From 1980 to 1988, there were 33- and 55-percent increases in interisland and overseas passenger activities, respectively. The visitor industry of the 1990s may have difficulty matching the growth of the 1980s, however, the air transportation industry will continue to grow.

The most significant change in the 1980s was the effect of the Airline Deregulation Act of 1978. Only the Honolulu International Airport and the Hilo International Airport were designed to handle overseas flights; the other airports were designed as interisland airports. With deregulation, airlines have been flying into the Keahole, Kahului, and Lihue airports directly from the mainland, even though they cannot takeoff fully loaded to fly to the mainland.

Today, potential increases in international air travel and airport expansion to accommodate this new development are setting the stage for the next round of visitor growth. The Narita-Honolulu route is the second busiest in the world. Japan Air Lines, United Airlines, and Northwest Airlines, serve that route under agreement between the U.S. and Japan.

Another U.S.-Japan passenger route was made available to a U.S. carrier when Federal Express merged with Flying Tigers. Both carriers had routes to Japan, making one route available for a passenger carrier. Aloha Airlines, Hawaiian Airlines, America West Airlines, Continental Airlines, and Delta Air Lines requested to fly between Japan and Honolulu, while American Airlines requested to fly between Tokyo and San Jose. One airline will be awarded a route. Upon approval by the federal government, service could start by summer.

In addition, the new 1989 Memorandum of Understanding between the U.S. and Japan provides expansion of air service between the two countries. All Nippon Airways and Japan Air Systems may also serve the Narita-Honolulu route. A decision by the U.S. government on whether more flights between Japan and Honolulu should be authorized for U.S. carriers instead of service to other U.S. destinations will be forthcoming. Twelve U.S. carriers have filed to provide service from 10 U.S. destinations. Six routes will be awarded to U.S. carriers.

New routes between Honolulu and Japan are good news for tourism. Japan is the largest foreign market, making up 20 percent of all visitors to Hawaii in 1988. The Japanese spend more, and attracting them will benefit the economy. According to the Hawaii Visitors Bureau, the number of visitor accommodation units will increase by seven percent in 1990. Oahu will have a one-percent increase, while the Big Island, Maui, and Kauai will see increases of 22, 10, and eight percent, respectively.

The state's major airports have planned developments which will help accommodate the growing air transportation demands. The Honolulu International Airport is to have a new $700 million international terminal. This should relieve the bottleneck when processing foreign visitors through customs, in particular the Japanese visitors, who complain about long delays. Construction is expected to start by spring 1990. It should begin handling international arrivals by 1992 and departures by 1993-94. A 45-minute transit time through customs is targeted.

The Keahole Airport has plans for the construction of an international terminal and a 4,500-foot extension of the runway by 1992 at an estimated cost of $74.4 million. No plans exist yet for direct flights between Keahole and Japan. However, this could come with a maturing of the Kona-Kohala resort area.

Maui's Kahului airport is the second busiest in the state. The interisland terminal is being enlarged and improved at a cost of $110 million. Roadway improvements will cost another $50 million.

Plans to extend the runway to turn Kahului into an international airport have been controversial. There are concerns about the adequacy of the existing infrastructure for supporting a larger airport. The business community's intuition is that an international airport will help tourism as this is the growth market. Maui's visitor industry is experiencing gains in visitor count, but its occupancy rate is not keeping pace due to visitor accommodation growth.

At the Lihue Airport, plans include expanding the older of two runways by 500 feet in length and by 50 feet in width for safety reasons. Plans for extending the newer runway to handle direct flights to the mainland are being discussed. Direct mainland flights would benefit Kauai's exports by increasing cargo space as well as provide a boost to tourism.

Increasing demands of a growing visitor industry set the stage where Hawaii will experience improved air transportation services. Competition from destinations such as Mexico, Hong Kong, and Australia, require that Hawaii have first-rate air transport facilities to complement tourism. Accommodating travel growth through airport developments is a wise investment.

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JANUARY/FEBRUARY FEATURE STORY: HEALTH CARE COSTS AND BUSINESS IN HAWAII

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CURRENT BUSINESS TRENDS

Led by tourism and construction, the Hawaiian economy continued its double-digit growth through November. Gross business receipts, a measure of general business activity, increased by 13 percent to $33 billion. Oahu and the Big Island led the growth with 14 and 12 percent increases, respectively. Maui and Kauai experienced five and two percent growth, respectively.

The continued economic expansion resulted in a 2.9 percent unemployment rate through November. While employment increased by two percent, the job count grew at a three-percent rate. Of the counties, Oahu had the lowest unemployment rate of 2.6 percent, followed by Maui and Kauai at 3.0 and 3.2 percent, respectively. The Big Island had a 4.6-percent rate of unemployment.

The visitor industry will have another record setting year. The total visitor count grew by eight percent to over six million visitors through November. The westbound visitor count increased by eight percent to 4.2 million visitors, and the eastbound visitor count increased by five percent to 1.8 million visitors. Oahu and Maui's westbound visitor counts grew by four and nine percent, respectively. The visitor count on the Big Island and Kauai grew by 25 and 15 percent, respectively.

Through November, the hotel occupancy rate increased marginally over the previous year, to 80 percent. Oahu, the Big Island, and Kauai experienced gains in hotel occupancy. Maui, however, experienced a four-percentage point decline, to 70 percent. A combination of shorter lengths-of-stay and larger hotel room inventory were attributed to Maui's decline, in spite of the growth of its westbound visitor market.

Construction was a lead industry for 1989. The value of construction activity

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	3rd Qtr.	5,281.0r	1.5	7.2
In 1982 Dollars	bil. $	3rd Qtr.	4,162.9r	0.7	0.0
PERSONAL INCOME**	bil. $	Nov.	4,541.0p	0.8	8.9
INTEREST RATES					
AVERAGE PRIME RATE	percent	Dec.	10.50	0.0	0.0
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Oct.	420.1p	1.0	2.2
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	Sept.	128.7	1.0[1]	4.5
Apts., Hotels, Office Bldgs.	1982 = 100	Sept.	125.5	0.6[1]	3.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Nov.	117,786	0.2	1.6
UNEMPLOYMENT*	thous.	Nov.	6,729	2.6	2.5
UNEMPLOYMENT RATE*	percent	Nov.	5.3	1.9	0.0
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	Nov.	124.4	0.2	4.5
All Urban Consumers	1982-84 = 100	Nov.	125.9	0.2	4.7
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	Nov.	114.5	−0.1	4.6
All Commodities	1982 = 100	Oct.	112.7	0.4	4.2

r = revised. p = preliminary. [1]Compared to July, 1989. *Seasonally adjusted. **Seasonally adjusted at annual rates.

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Nov.	33,485.5	.....	13.4
Oahu	mil. $	Jan.-Nov.	28,708.5	.....	14.4
Maui County	mil. $	Jan.-Nov.	1,928.3	.....	4.8
Hawaii	mil. $	Jan.-Nov.	2,123.0	.....	12.0
Kauai	mil. $	Jan.-Nov.	725.8	.....	2.2
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Nov.	609.8	.....	4.2
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Nov.	296.1	.....	6.6
RETAILING	mil. $	Jan.-Nov.	11,305.5	.....	11.3
WHOLESALING	mil. $	Jan.-Nov.	8,983.9	.....	16.4
SERVICES	mil. $	Jan.-Nov.	7,611.5	.....	10.8
OAHU NEW CAR SALES	number	Jan.-Nov.	38,121p	.....	1.1
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	1st half	127.4	2.3[1]	5.2
All Urban Consumers	1982-84 = 100	1st half	126.4	2.4[1]	5.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1988	9,200p	.....	39.4
OVERNIGHT OR LONGER VISITORS	number	Nov.	515,370p	4.8	7.0
	number	Jan.-Nov.	6,019,080p	.....	7.5
Westbound	number	Nov.	377,200p	5.8	7.2
	number	Jan.-Nov.	4,224,260p	.....	8.4
Eastbound	number	Nov.	138,170p	2.1	6.5
	number	Jan.-Nov.	1,794,820p	.....	5.2
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Nov.	123,860p	.....	8.0
AVERAGE LENGTH OF STAY	no. of days	Jan.-Nov.	9.8p	.....	−1.0
MEETING ATTENDANCE	number	Jan.-Nov.	268,175	.....	8.7
ORGANIZED GROUP TOURS	number	Jan.-Nov.	622,380p	.....	13.9
VISITOR COUNT BY COUNTY[2]					
Oahu	number	Nov.	268,100p	10.5	9.8
	number	Jan.-Nov.	2,880,590p	.....	3.8
Maui County	number	Nov.	165,200p	2.7	13.3
	number	Jan.-Nov.	1,884,780p	.....	8.5
Hawaii	number	Nov.	77,730p	−1.5	2.4
	number	Jan.-Nov.	883,170p	.....	24.8
Kauai	number	Nov.	88,080p	−7.6	4.8
	number	Jan.-Nov.	1,101,980p	.....	14.5

p = preliminary. [1]Compared to 2nd Half 1988. [2]Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY					
STATE	percent	Nov.	77.7	2.8	0.9
		Jan.-Nov.	79.5	.....	0.3
Oahu	percent	Nov.	84.1	3.8	1.2
		Jan.-Nov.	86.8	.....	0.8
Maui (Island)	percent	Nov.	69.2	2.2	−3.5
		Jan.-Nov.	70.1	.....	−5.9
Hawaii	percent	Nov.	60.6	1.7	5.2
		Jan.-Nov.	61.1	.....	8.1
Kauai	percent	Nov.	70.5	−4.7	5.4
		Jan.-Nov.	72.4	.....	6.2
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 2nd Qtr.	1,028.1[3]	.....	3.9
Military Payroll	mil. $	Yr. to 2nd Qtr.	459.8	.....	2.9
Civilian Payroll	mil. $	Yr. to 2nd Qtr.	332.7	.....	3.6
Local Purchases	mil. $	Yr. to 2nd Qtr.	235.6[3]	.....	6.3
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1988	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.-Nov.	825.4	.....	−9.0
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Nov.	455.20p	.....	2.8
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1988	107,402.0	.....	8.2
FRESH	thous. lbs.	Jan.-Nov.	248,406	.....	1.7
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	168,167	.....	10.4
FLOWERS & NURSERY PRODUCTS	thous. $	1988	59,646	.....	9.0
Anthurium Outshipments[4]	th. dozens	Jan.-Oct.	755.8	.....	−23.7
Potted Foliage Plants	thous. $	1988	12,424	.....	−6.8
FRUITS & NUTS	thous. $	1988	61,427	.....	15.2
Papaya Sales	th. lbs.	Jan.-Nov.	59,445	.....	16.3
Average Farm Price	cents/lb.	Nov.	19.0	−9.5	27.5
Macadamia Nut Sales (in shell)	th. lbs.	1988	45,500	.....	6.6
Average Farm Price	cents/lb.	1988	90.0	.....	7.1
VEGETABLES AND MELONS[5]	th. lbs.	Jan.-Nov.	54,800p	.....	−15.2
LIVESTOCK	thous. $	1988	88,620	.....	1.0
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Oct.	29,480	.....	10.9
Average Farm Price (Feedlot Beef)	cents/lb.	Oct.	92.0p	0.0	2.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Oct.	5,125	.....	−2.1
Average Farm Price	cents/lb.	Oct.	105.5p	0.0	2.9
MILK PRODUCTION	mil. lbs.	Jan.-Nov.	141.2	.....	−3.7
Average Price Sold to Plants	$/100 lbs.	Nov.	20.98	0.7	−0.7
EGG PRODUCTION	mil.	Jan.-Nov.	207.6	.....	1.2
Average Farm Price	cents/doz.	Nov.	83.0	3.1	6.4
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Nov.	7,775	.....	4.1
GAS SALES	th. therms.	Jan.-Nov.	47,781	.....	3.4
TELEPHONE LINES IN SERVICE	thous.	Nov.	554.0	.....	5.0

p = preliminary.
[3] Excludes Naval contract purchases from vendors in the State of Hawaii.
[4] From Hawaii County.
[5] Includes snap beans, cabbage, celery, sweet corn, cucumber, onions, green peppers, tomatoes, and watermelons.

increased by 25 percent to $2.9 billion through November. All counties experienced robust construction activity. Activity on Oahu and Maui increased by 25 and 37 percent, respectively. Activity on the Big Island and Kauai increased by 19 and 23 percent, respectively.

Construction is expected to be strong this year. Through November, private permits authorized increased by 34 percent to $1.7 billion. Oahu and Maui County's permits increased by 30 and 15 percent, respectively. The Big Island and Kauai's permits were ahead by 89 and 27 percent, respectively.

Public contracts awarded were ahead by 17 percent, statewide, through November. However, public construction is expected to be mixed at the county level. Oahu and Kauai's contracts were ahead by 35 and 51 percent, respectively. Public contracts for Maui and the Big Island were down by 33 and 59 percent, respectively. Construction contracts by the state and county governments increased by 31 and 45 percent, respectively, to $418 and $167 million. However, the federal government granted $122 million in construction contracts, reflecting a 29-percent decrease.

Residential real estate resales amounted to $2.4 billion through November, reflecting a 26-percent increase over the same period in 1988. Statewide, 4,026 single-family homes and 7,048 condominium units were sold, reflecting seven and nine percent increases, respectively. The active real estate market resulted in the average prices of single-family homes and condominiums to increase by 17 and 18 percent, respectively. The Big Island's average single-family home price increase of 28 percent was the greatest in the state. The average condominium price rose the most on Kauai, by 24 percent.

Agriculture is mixed. Sugar production was down by nine percent through November, however, the average price per ton was ahead by three percent to $455.2. Fresh pineapple shipments were ahead by two percent through November.

Diversified agriculture is also mixed. Papaya sales, through November, were ahead by 16 percent to 59 million pounds. Vegetable and melon production was down by 15 percent to 55 million pounds. Anthurium outshipments, through October, were down by 24 percent to 155,800 dozen.

Hawaii's upbeat business climate resulted in greater state tax collection. Tax collection, through November, was ahead by 15 percent to $2.2 billion.

HEALTH CARE COSTS AND BUSINESS IN HAWAII

Hawaii has a reputation of being one of the healthiest states in the nation. Studies show that Hawaii has the lowest heart disease rate and the second fewest number of overweight residents. *EastWest* magazine ranked Hawaii the most "healthful state" in a recent issue. Despite the results of these studies, spending on health care has steadily increased in Hawaii as it has throughout the country. Locally, demographic and economic trends indicate that health care costs will continue to rise in the near future. This rise could constitute a threat to future economic growth as ever-increasing medical costs strain the resources of Hawaii businesses.

A substantial amount is already spent on health care in this country. In fact, more is spent on health care in the U.S. than in any other industrialized nation; expenditures on health care increased by 10 percent in 1988 to $559 billion, approximately 11 percent of gross national product. Estimates for 1989 show that spending on health care rose another 11 percent to $618 billion. In Hawaii, spending totalled $1.6 billion in 1985, the most current data available. That equalled about nine percent of gross state product and was a seven percent increase over 1984. Health care expenditures were comparable to the value of construction-put-in-place and military spending that year.

In 1974, Hawaii became the first state to have mandatory health care coverage for full-time workers by their employers. Recognizing the need to protect workers from a sudden medical emergency, the Legislature enacted the Prepaid Health Care Act that year. Since then, businesses in Hawaii have helped ease the financial burden of medical care.

Health care benefit costs of businesses have spiraled since 1974, and the expected changes in the population's age structure indicate they will continue to rise in the future. Hawaii residents have the longest life expectancy in the country. Males in Hawaii can expect to live 75 years and females 81 years. Hawaii has a relatively small elderly population, ranking 41st in the number of residents over 65, but that sector is growing faster than in most other states. Between 1980 and 1987, the national population of those 65-plus increased by 17 percent. In Hawaii, the increase was 43 percent. By the year 2000, it is estimated that the portion of the population in Hawaii over 65 will rise by three percent, while only a 0.4 percent increase is expected for the nation.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	mil. $	Jan.-Nov.	2,934.4	.....	24.8
Oahu	mil. $	Jan.-Nov.	2,524.8	.....	24.5
Maui County	thous. $	Jan.-Nov.	170.3	.....	37.0
Hawaii	thous. $	Jan.-Nov.	176.6	.....	19.4
Kauai	thous. $	Jan.-Nov.	62.7	.....	23.3
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1982 = 100	Nov.	140.1	−0.4	3.2
HIGH-RISE	1982 = 100	Nov.	135.6	−0.7	4.8
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-Nov.	1,024,885	.....	32.9
Single Family Units	number	Jan.-Nov.	5,640	.....	3.1
Multiple Family Units	number	Jan.-Nov.	3,168	.....	10.0
NONRESIDENTIAL	thous. $	Jan.-Nov.	682,177	.....	35.8
OAHU: RESIDENTIAL	thous. $	Jan.-Nov.	498,661	.....	22.9
Single Family Units	number	Jan.-Nov.	1,578	.....	−17.5
Multiple Family Units	number	Jan.-Nov.	1,874	.....	45.6
NONRESIDENTIAL	thous. $	Jan.-Nov.	432,969	.....	38.6
MAUI CO.: RESIDENTIAL	thous. $	Jan.-Nov.	200,419	.....	25.7
Single Family Units	number	Jan.-Nov.	1,027	.....	−24.0
Multiple Family Units	number	Jan.-Nov.	812	.....	−24.7
NONRESIDENTIAL	thous. $	Jan.-Nov.	100,416	.....	−2.0
HAWAII: RESIDENTIAL	thous. $	Jan.-Nov.	198,739	.....	63.4
Single Family Units	number	Jan.-Nov.	2,275	.....	45.6
Multiple Family Units	number	Jan.-Nov.	430	.....	−9.3
NONRESIDENTIAL	thous. $	Jan.-Nov.	112,421	.....	161.7
KAUAI: RESIDENTIAL	thous. $	Jan.-Nov.	127,069	.....	50.8
Single Family Units	number	Jan.-Nov.	760	.....	17.5
Multiple Family Units	number	Jan.-Nov.	52	.....	30.0
NONRESIDENTIAL	thous. $	Jan.-Nov.	36,372	.....	−18.3
PUBLIC CONTRACTS AWARDED					
STATE	thous. $	Jan.-Nov.	707,376	.....	16.7
Oahu	thous. $	Jan.-Nov.	587,645	.....	35.2
Maui County	thous. $	Jan.-Nov.	59,848	.....	−32.7
Hawaii	thous. $	Jan.-Nov.	24,281	.....	−58.9
Kauai	thous. $	Jan.-Nov.	35,603	.....	50.5
BY LEVEL OF GOVERNMENT					
Federal	thous. $	Jan.-Nov.	122,155	.....	−28.9
State	thous. $	Jan.-Nov.	417,801	.....	31.0
County	thous. $	Jan.-Nov.	167,420	.....	44.7
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-Nov.	4,026	.....	7.3
Average Price	dollars	Jan.-Nov.	306,673	.....	16.5
Condominium	number	Jan.-Nov.	7,048	.....	8.9
Average Price	dollars	Jan.-Nov.	167,682	.....	17.5
OAHU: Single Family	number	Jan.-Nov.	2,437	.....	3.4
Average Price	dollars	Jan.-Nov.	363,261	.....	15.9
Condominium	number	Jan.-Nov.	5,357	.....	6.1
Average Price	dollars	Jan.-Nov.	162,697	.....	18.2
MAUI CO.: Single Family	number	Jan.-Nov.	466	.....	0.2
Average Price	dollars	Jan.-Nov.	294,058	.....	25.3
Condominium	number	Jan.-Nov.	1,061	.....	10.2
Average Price	dollars	Jan.-Nov.	202,230	.....	14.2
HAWAII: Single Family	number	Jan.-Nov.	880	.....	19.2
Average Price	dollars	Jan.-Nov.	175,374	.....	27.5
Condominium	number	Jan.-Nov.	390	.....	63.9
Average Price	dollars	Jan.-Nov.	147,544	.....	17.5
KAUAI: Single Family	number	Jan.-Nov.	243	.....	33.5
Average Price	dollars	Jan.-Nov.	238,844	.....	14.1
Condominium	number	Jan.-Nov.	240	.....	9.1
Average Price	dollars	Jan.-Nov.	158,956	.....	24.2

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1988	1,218.8p	.....	1.5
Total Resident Population	thous.	July 1, 1988	1,098.2p	.....	1.5
OAHU:					
Total De Facto Population	thous.	July 1, 1988	902.6p	.....	1.2
Total Resident Population	thous.	July 1, 1988	838.5p	.....	1.1
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1988	125.0p	.....	1.8
Total Resident Population	thous.	July 1, 1988	93.0p	.....	3.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1988	126.3p	.....	2.4
Total Resident Population	thous.	July 1, 1988	117.5p	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1988	64.9p	.....	3.3
Total Resident Population	thous.	July 1, 1988	49.3p	.....	2.9
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1988	1,041.4p	.....	1.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION[1]	number	Jan.-Nov.	4,854	.....	18.9

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	19,936p	2.7	10.3
EMPLOYMENT INCOME[1]	mil. $	2nd Qtr.	15,258p	2.7	10.0
Manufacturing	mil. $	2nd Qtr.	633p	2.1	5.9
Construction & Mining	mil. $	2nd Qtr.	1,312p	5.0	30.3
Wholesale	mil. $	2nd Qtr.	614p	2.3	13.1
Retail	mil. $	2nd Qtr.	1,787p	1.1	9.1
Finance, Ins., & Real Estate	mil. $	2nd Qtr.	1,089p	7.6	9.2
Trans., Comm., & Util.	mil. $	2nd Qtr.	1,333p	3.3	17.3
Services	mil. $	2nd Qtr.	4,021p	3.4	8.1
Farm & Other	mil. $	2nd Qtr.	370p	−1.9	6.9
Federal Civilian	mil. $	2nd Qtr.	1,097p	0.9	5.4
Federal Military	mil. $	2nd Qtr.	1,399p	0.1	3.2
State & Local	mil. $	2nd Qtr.	1,602p	2.2	7.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	3,073p	3.5	15.4
TRANSFER PAYMENTS ($2,617 minus personal contributions for social insurance $1,013)	mil. $	2nd Qtr.	1,604p	0.8	3.8
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1988	16,753	.....	7.6
Oahu	dollars	1987	16,412	.....	7.0
Maui County	dollars	1987	14,352	.....	5.8
Hawaii	dollars	1987	12,455	.....	6.3
Kauai	dollars	1987	13,085	.....	6.0

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

AWAIIAN BANK

Not only will Hawaii's elderly population increase, but the population as a whole will age. State projections show population growth in Hawaii slowing from an annual increase of 2.5 percent between 1970 and 1975, to a 1.3-percent annual increase between 1990 and 1995, and to 0.8 percent between 1995 and 2000. The entire population will be moving up the age ladder. Those between 25 and 39 are projected to increase only one percent between 1990 and 1995. Those between 45 and 59, on the other hand, are expected to increase by 23 percent during that time.

These trends forecast a rising demand for medical care. As a population ages, the need for medical care increases. Older age groups require a disproportionate share of medical care. For example, a 1987 study found that people age 65 plus made up 12 percent of the national population, but accounted for 36 percent of all medical expenditures that year. Businesses will be picking up most of the increase in medical expenditures as their workforce ages.

Besides demographic trends, the projected economic performance of the local economy has implications for businesses and their health care costs. The state predicts real gross state product will grow by 18 percent between 1990 and 1995. Total job count is projected to rise by nine percent with the number of service jobs increasing by 12 percent. The service industry's share of private sector jobs will grow from 78 percent to 79 percent. With continued economic growth, Hawaii's labor market will remain tight. Due to the low unemployment rate, businesses are hiring workers from less traditional sources. The elderly are one such source. Employers are finding out they make excellent employees, but, they tend to consume more medical services. This tendency along with the overall aging of the workforce, will add to the medical expenses of businesses.

Suppliers of medical services are also charging more as they face increased costs. In 1988, Hawaii had 51 hospitals and care homes with a total of 6,671 beds. That year the average hospital cost per day was $932, up by seven percent over 1987 and 43 percent higher than in 1984. Even at this rate the state's major hospitals were 90 percent or more occupied for most of 1989.

Certain trends in the health care industry point to continued rises in cost. Hawaii's current nursing shortage is such a trend. Hawaii hospitals needed about 600 additional nurses in 1989, and could need as many as 1,400 nurses by 1992. As hospitals bid up wages and

benefits to attract the nurses they need, part of that increase will be passed on to the consumers of health care services.

High technology medicine is also adding to the cost of supplying health care services. It is estimated that advances in medical technology and their associated costs are responsible for over 50 percent of the escalation in health care costs every year. This is the major contributor to health care's portion of gross national product.

At the same time health care providers are faced with rising costs, government contributions are shrinking. Over the last ten years, the state and federal government have been reducing their Medicaid and Medicare payback programs. In the 1970s, nearly 100 percent of Medicare and Medicaid patient's expenses were reimbursed by the government. Since then, the federal government has tightened its guidelines for payments by replacing full-cost reimbursements with a schedule of fees. In 1985, the Medicaid program followed suit with its own fee schedule. Payments from these programs have since gone down from nearly 100 percent to less than 80 percent for Medicare patients and less than 50 percent for Medicaid patients.

To minimize their losses, health care providers have shifted some of these costs to the private sector, both employers and individuals. Rising rates of private health insurance organizations are evidence of this cost shifting. The Hawaii Medical Service Association (HMSA), the state's largest health insurance provider with 577,000 members, raised the rates of its community-based plans by an average of 14 percent in 1989. Kaiser Permanente, with its 170,000 members, raised its rates by a 22-percent average this year. In addition to these overall increases, both insurers upped the monthly premiums to the elderly in their catastrophic medical insurance programs. The increases, 38 percent for HMSA and 44 percent for Kaiser, were necessary to offset benefits cut from the Medicare program last year.

Due to Hawaii's mandatory prepaid health care law, businesses will have to shoulder a major portion of any increase in health care costs. A majority of local businesses provide between 80 and 90 percent of employees' medical benefits. It is estimated by A. Foster Higgins & Co., a health benefit consulting firm, that, nationally, the average cost of providing these benefits rose 17 percent last year after a 19 percent rise in 1988. Companies have tried a variety of measures to reduce their medical expenses such as increasing workers' share of insur-

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Nov.	527.6p	0.8	2.2
Employment	thous.	Nov.	512.9p	0.5	2.7
Unemployment	thous.	Nov.	14.7p	11.4	−13.0
Unemployment Rate	percent	Nov.	2.8p	12.0	−15.2
OAHU:					
Civilian Labor Force	thous.	Nov.	390.5p	1.0	2.1
Employment	thous.	Nov.	380.3p	0.7	2.4
Unemployment	thous.	Nov.	10.2p	12.1	−8.1
Unemployment Rate	percent	Nov.	2.6p	13.0	−10.3
MAUI COUNTY:					
Civilian Labor Force	thous.	Nov.	52.6p	0.5	2.3
Employment	thous.	Nov.	51.2p	0.5	3.2
Unemployment	thous.	Nov.	1.5p	0.0	−18.9
Unemployment Rate	percent	Nov.	2.8p	0.0	−22.2
HAWAII:					
Civilian Labor Force	thous.	Nov.	57.4p	−0.3	2.0
Employment	thous.	Nov.	55.3p	−0.6	3.6
Unemployment	thous.	Nov.	2.2p	10.3	−24.6
Unemployment Rate	percent	Nov.	3.7p	8.8	−27.5
KAUAI:					
Civilian Labor Force	thous.	Nov.	27.2p	1.3	2.8
Employment	thous.	Nov.	26.3p	0.6	3.8
Unemployment	thous.	Nov.	0.9p	28.6	−14.3
Unemployment Rate	percent	Nov.	3.3p	26.9	−17.5
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Nov.	548.6p	1.0	3.0
Oahu	thous.	Nov.	422.6p	1.2	2.9
Maui County	thous.	Nov.	48.5p	0.9	3.5
Hawaii	thous.	Nov.	51.6p	−0.5	3.5
Kauai	thous.	Nov.	26.0p	1.0	4.4
SUGAR (Mill and Field)	thous.	Nov.	5.8p	−1.7	−11.5
PINEAPPLE (Cannery and Field)	thous.	Nov.	3.4p	4.6	−2.9
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	Nov.	17.4p	−0.6	−2.5
Durable Goods	thous.	Nov.	4.2p	−1.2	−4.5
Non-Durable Goods	thous.	Nov.	13.2p	−0.4	−1.5
Apparel and Textiles	thous.	Nov.	2.5p	0.0	−5.8
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	Nov.	8.1p	−5.3	−3.6
CONTRACT CONSTRUCTION	thous.	Nov.	28.5p	1.6	18.0
TRANSPORTATION	thous.	Nov.	30.7p	0.8	7.2
COMMUNICATION	thous.	Nov.	7.2p	0.7	−1.4
UTILITIES	thous.	Nov.	2.8p	0.0	3.7
RETAIL TRADE	thous.	Nov.	110.5p	1.2	2.3
WHOLESALE TRADE	thous.	Nov.	21.3p	0.0	3.1
FINANCE, INSURANCE AND REAL ESTATE	thous.	Nov.	36.3p	0.8	3.9
HOTEL SERVICES—STATE	thous.	Nov.	37.5p	0.8	5.8
Oahu	thous.	Nov.	18.8p	1.9	5.9
Maui County	thous.	Nov.	8.3p	0.0	6.4
Hawaii	thous.	Nov.	6.3p	0.8	6.8
Kauai	thous.	Nov.	4.2p	0.0	5.0
OTHER SERVICES	thous.	Nov.	103.6p	1.1	4.8
FEDERAL GOVERNMENT	thous.	Nov.	33.4p	0.5	−1.0
Civilian Agencies	thous.	Nov.	13.4p	1.1	−0.4
Defense Department	thous.	Nov.	20.0p	0.0	−1.7
STATE GOVERNMENT	thous.	Nov.	56.2p	5.3	3.9
COUNTY GOVERNMENT	thous.	Nov.	13.9p	0.7	1.1
NON-AGRICULTURE SELF-EMPLOYED	thous.	Nov.	32.2p	−2.0	−4.7

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg)	number	Nov.	4,351	− 17.0	− 25.6
Intrastate Initial Claims	number	Jan.-Nov.	42,030	.....	− 9.9
Interstate Initial Claims	number	Jan.-Nov.	2,617	.....	− 10.7
Unemployment Insur. Benefits	thous. $	Jan.-Nov.	38,357	.....	− 19.4
INCOME MAINTENANCE					
Recipients[1]	no. persons	Nov	52,368	0.0	5.8
Payments	thous. $	Jan.-Nov.	106,950	.....	12.7
MEDICAL ASSISTANCE					
Recipients[1]	no. patients	Nov.	47,677	4.8	16.1
Payments	thous. $	Jan.-Nov.	176,687	.....	13.6
FOOD STAMPS					
Recipients[1]	no. persons	Oct.	80,024	0.4	− 1.1
Payments	thous. $	Jan.-Oct.	61,678	.....	− 2.1
SERVICES					
Recipients[1]	no. cases	3rd Qtr.	7,011	4.8	− 4.6
Payments	thous. $	3rd Qtr.	6,379	− 33.9	15.0

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS					
STATE					
Total Deposits	mil. $	Nov.	11,266.5	3.6	17.6
Debits To Demand Deposits	mil. $	Jan.-Nov.	156,094.1	.....	34.7
OAHU					
Total Deposits	mil. $	Nov.	9,396.9	5.0	19.0
Debits To Demand Deposits	mil. $	Jan.-Nov.	141,531.0	.....	35.9
MAUI					
Total Deposits	mil. $	Nov.	757.7	− 4.8	9.2
Debits To Demand Deposits	mil. $	Jan.-Nov.	6,501.8	.....	26.3
HAWAII					
Total Deposits	mil. $	Nov.	750.3	− 1.9	14.6
Debits To Demand Deposits	mil. $	Jan.-Nov.	5,274.0	.....	21.2
KAUAI					
Total Deposits	mil. $	Nov.	361.7	− 1.8	8.1
Debits To Demand Deposits	mil. $	Jan.-Nov.	2,787.4	.....	24.5
BANK LOANS OUTSTANDING STATE:[1]	mil. $	3rd Qtr.	7,676.4	4.5	19.9
Real Estate	mil. $	3rd Qtr.	3,583.9	3.0	21.3
Consumer	mil. $	3rd Qtr.	1,250.8	3.2	7.0
Commerical & Industrial	mil. $	3rd Qtr.	2,239.5	6.6	17.4
Other	mil. $	3rd Qtr.	491.2	15.9	67.5
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Nov.	10.0	4.7	3.6
SAVINGS & LOAN ASSOCIATIONS:[2]					
Total Deposits	mil. $	Oct.	4,870.0	0.2	15.7
Total Loans	mil. $	Oct.	172.0	− 1.8	65.7
Mortgage Loans	mil. $	Oct.	154.6	5.0	78.1
TAX COLLECTIONS:[3]					
STATE	thous. $	Jan.-Nov.	2,226,422	.....	14.5
Oahu	thous. $	Jan.-Nov.	1,928,684	.....	15.1
Maui County	thous. $	Jan.-Nov.	135,354	.....	16.0
Hawaii	thous. $	Jan.-Nov.	120,148	.....	17.7
Kauai	thous. $	Jan.-Nov.	52,237	.....	4.5

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

ance or treatment, offering managed care plans, and offering flex benefits where employees choose the benefits they want. None of these measures have been very successful in stemming the rise in medical care costs. With increased demand and higher supply costs expected in the future, continued medical care cost escalation is likely.

The continued rise in the cost of health care benefits will have a negative impact on individual companies, and could also affect the economy of Hawaii. For example, as rising health care costs add to the price of goods produced in Hawaii, exporters will find it more difficult to compete against foreign companies or those operating in states which do not have mandatory health care coverage. Increased health care costs could retard economic expansion as companies find they have less money remaining for reinvestment. Richard Lamm, the director of the University of Denver's Center for Public Policy and Contemporary Issues, stated in a recent conference that companies spend what would be 50 percent of their pretax profits on health-care premiums annually.

Small businesses in Hawaii will be the hardest hit as the cost of medical care rises. According to Small Business Hawaii, rising rates "have the potential of destroying small business." Lacking the resources to be as innovative as larger corporations, small businesses will not be as effective in containing their health care costs. With Hawaii's present tight labor market, medical benefits offered could be the difference between obtaining needed workers or doing without. Escalating medical care costs will be a heavy burden for small businesses as they strive to rise up in the local economy.

Past rises in medical benefits payments have been a heavy load on businesses, and it appears the load will increase in the future. Within the next five years, Hawaii's aging population will be adding to the demand for medical care, while rising costs will make it difficult to provide health services without raising price. It will take a concerted effort by businesses, government, insurance carriers, and medical professionals to bring health care costs under control. If it is not done soon, rising medical expenses may have a negative impact on Hawaii's economy. Reduced competitiveness of Hawaii products abroad and fewer funds for reinvestment will affect all businesses in Hawaii. Small businesses will be especially hard hit. Rising health care costs could hamper further growth of the Hawaiian economy.

ECONOMIC INDICATORS

A Bimonthly Report on Current Economic Conditions in Hawaii
by the Research Department, First Hawaiian Bank
P.O. Box 3200; Honolulu, Hawaii; 96847

January/February 1990

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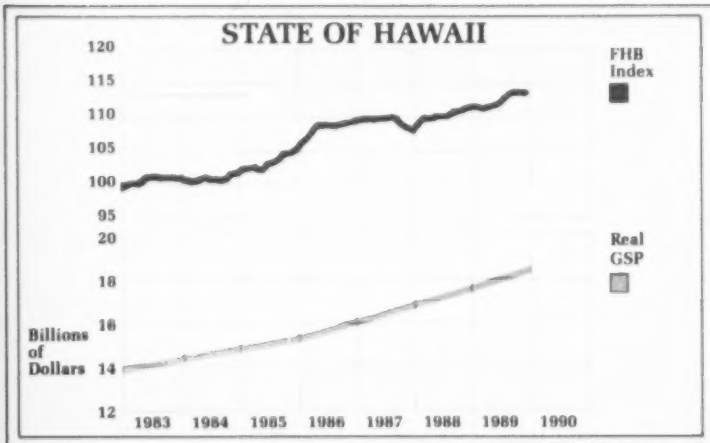

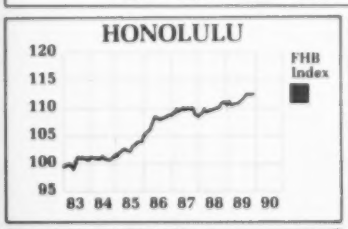

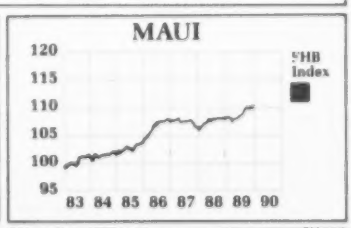

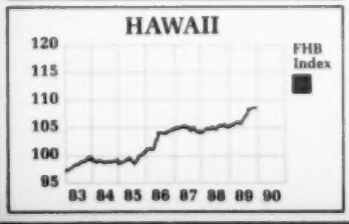

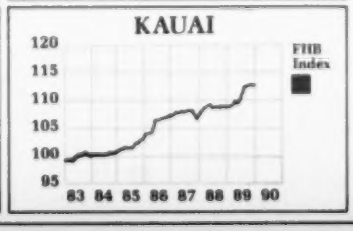

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators for the State of Hawaii increased by 0.2 percent for November, following a 0.2-percent decrease for October. This pattern indicates moderate economic growth into 1990. The index previously increased for four consecutive months, from June to September. Of the ten index components, the tourism indicator showed the greatest strength. The state credit-demand, Hawaii stock, federal money supply, unemployment-insurance-claims, and private-construction indicators also showed strengths. The inflation, public-construction, and average-workweek-hour indicators declined. All county indexes rose. Honolulu County experienced strengths in the tourism, credit-demand, and private-construction indicators, and weaknesses in the public-construction, employment, and average-workweek-hour indicators. Both Maui and Hawaii County experienced weakness in the employment indicator. Kauai County experienced strengths in the public-construction, tourism, and credit-demand indicators, and weaknesses in the employment and private-construction indicators.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank | March/April 1990

The Film and Video Industry in Hawaii

Hawaii's fledgling film and video industry is maturing into an enterprise that puts more diversity into the island economy. Expenditures last year jumped 250 percent to $62 million; no other industry had a higher growth rate. As a comparison, Hawaii's estimated 1989 macadamia nut and coffee production amounted to $54 million. According to the state's Film Industry Branch, the industry's three leading segments were TV series ($27 million), commercials ($20 million) and feature films ($12 million). The total multiplier impact amounted to over $120 million.

The industry is best known for TV series and movie productions. The *Island Son* series filmed in Hawaii until it was canceled in February 1990. *Jake and the Fatman* will continue to film for part of the next season before production moves back to the mainland. Last year, 5 feature films and 6 TV movies were produced in the islands.

TV series productions create a steady flow of economic activity. A series is expected to be in production for at least 3 to 4 years before the producer can earn a profit. Production expenses are higher than the license fee the network pays; profit is generated when the episodes are sold to syndicators as re-runs. Few other industries incur so much cost up front. Viacom Productions Inc., the producer of *Jake and the Fatman*, runs a $200,000 to $300,000 deficit per episode. Viacom spends 60 percent of its budget in Hawaii for wages, services and supplies. However, without another TV series, Hawaii cannot benefit from this kind of spending. But all things considered, movie and TV productions are only a part of the entire industry.

Commercial production has gained in significance over the past decade. Film is used for the higher-budget commercials, while the lower-budget commercials use video. The state's $20 million estimate of expenditures was based on amounts stated in applications for permits issued for use of state administered land in commercials. However, not all projects are done on state land. All commercial projects considered, expenditures could be higher. Some industry participants believe that local commercial productions alone range from $10 to $20 million in value.

The local TV stations were once the dominant participants in commercial production because higher equipment costs kept independents out. However, as equipment costs came down and equipment portability improved, additional production companies have entered the industry.

Foreign commercial production in Hawaii, especially by Japanese producers, has been sizeable. In a survey, Hawaii tied New York for second place in the number of Japanese commercial crews attracted to the United States. Estimated Japanese commercial expenditures in Hawaii ranged from $20 to $25 million for 1989. This money pays for hotels, transportation companies, extras, caterers, grips, equipment rentals, restaurants, location scouts, directors of photography, etc.—all Hawaii-based.

The use of video in commercial production is part of the larger video portion of the industry. This portion includes training and sales videos for local businesses, tourist-oriented tapes of Hawaii and video taping of local events such as the *Honolulu Marathon*.

Resolution of major issues will set the stage for further industry growth. One of the issues to be resolved concerns improvement of the Diamond Head Film Studio. The existing soundstage is a temporary structure built for filming *Hawaii 5-0*, and it needs to be updated. The Legislature appropriated $7 million to be used to add infrastructure (water, sewer, electricity, grade, fill and drainage), one soundstage and landscaping. While the proposed studio upgrade is designed not to block Diamond Head and ocean views, some community opposition to further studio improvements does exist. The Diamond Head location is the preferred site by major film producers.

In another issue, the Japanese commercial season did not get off to a good start this year. Due to a change in U.S. visa policy, foreign crews must now enter Hawaii with an H-2B visa, requiring Labor Department certification that the foreign crews' jobs are temporary and that no American workers are being displaced. At the start of the season, processing this certification took up to 2 months, but now it is down to 3 to 4 weeks. It used to take only 7 days, which kept Hawaii competitive with other locations such as Australia. Much Japanese business this year did not come to Hawaii.

A final issue concerns upgrading the industry's educational opportunities for Hawaii residents. The Education Task Force of the Governor's Committee on Film and Video reported that Hawaii is the only state not to have a degree program in film and video. Leeward Community College has a certificate program in TV production. The Task Force recommended that the University of Hawaii create a Bachelor of Arts program in film and video, emphasizing the artistic production side of the industry.

Hawaii's role in the film and video industry has been to supply the location, personnel and equipment. The islands offer a variety of sceneries, all within a relatively short distance. The pieces for a first-rate filming environment merely need to be assembled. Improving the film studio, shortening the visa process and increasing the educational opportunities for this industry will combine to create a favorable impact on the state's economy.

FIRST HAWAIIAN BANK
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MARCH/APRIL FEATURE STORY: THE COFFEE INDUSTRY IN HAWAII

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CURRENT BUSINESS TRENDS

The Hawaiian economy grew at a moderate pace through January. Gross business receipts, an indicator of overall business activity, grew by 15 percent to $4 billion. Gross business receipts for Oahu and Kauai both increased by 16 percent. The Big Island and Maui County reported increases of 7 and 3 percent, respectively.

Hawaii's unemployment rate for January held steady from last year at 2.9 percent. The islands' unemployment rate is still below the national average rate of 5.3 percent.

Kauai County had the highest unemployment rate of 3.8 percent, identical to the same period last year. Oahu had the lowest unemployment rate at 2.7 percent. Maui County's unemployment rate increased by 0.2 percentage point to 2.9 percent. The Big Island unemployment rate declined by 1.4 percentage points to 3.5 percent.

The number of civilians employed in January increased by 2 percent from 497,250 persons in the previous year to 509,100 persons. The number of unemployed decreased by 16 percent from 17,850 persons to 15,050 persons.

The total job count for January stood at 558,750 jobs, up by 6 percent from a year ago. All counties experienced job count increases. The job counts of Maui and Kauai Counties increased by 8 and 7 percent, respectively. The Big Island and Oahu showed increases of 6 percent each.

The visitor industry showed modest gains in January. The total visitor count grew by 2 percent to 573,970 persons. While the westbound visitor count decreased by 2 percent to 378,960 persons, the eastbound visitor arrivals increased by 10 percent to 195,010 persons.

The Big Island was the only county to post an increase in the number of westbound visitor arrivals. The visitor

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	4th Qtr.	5,337.6r	1.1	6.4
In 1982 Dollars	bil. $	4th Qtr.	4,172.4r	0.2	2.5
PERSONAL INCOME**	bil. $	Jan.	4,602.5p	0.8	7.7
INTEREST RATES					
AVERAGE PRIME RATE	percent	Feb.	10.00	−1.1	−8.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Jan.	424.0p	1.8	0.2
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	Nov.	128.8	0.1'	4.1
Apts., Hotels, Office Bldgs.	1982 = 100	Nov.	125.5	0.0'	3.3
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Jan.	117,863	0.0	1.0
UNEMPLOYMENT*	thous.	Jan.	6,535	−1.8	−1.4
UNEMPLOYMENT RATE*	percent	Jan.	5.3	0.0	0.0
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	Jan.	125.9	1.0	4.8
All Urban Consumers	1982-84 = 100	Jan.	127.4	1.0	5.2
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	Jan.	117.6	1.8	5.8
All Commodities	1982 = 100	Dec.	113.0	0.3	3.7

r = revised **Seasonally adjusted*
p = preliminary ***Seasonally adjusted at annual rates*
'Compared to July, 1989

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.	4,177.0	.....	−15.0
Oahu	mil. $	Jan.	3,706.7	.....	16.1
Maui County	mil. $	Jan.	189.1	.....	2.9
Hawaii	mil. $	Jan.	209.1	.....	7.1
Kauai	mil. $	Jan.	72.1	.....	15.5
DIVERSIFIED MANUFACTURING	mil. $	Jan.	76.8	.....	−7.6
DIVERSIFIED AGRICULTURE	mil. $	Jan.	38.8	.....	5.1
RETAILING	mil. $	Jan.	1,445.8	.....	13.3
WHOLESALING	mil. $	Jan.	1,132.3	.....	11.1
SERVICES	mil. $	Jan.	931.2	.....	20.6
OAHU NEW CAR SALES	number	Jan.	3,352	.....	−14.6
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	Dec.	132.0	3.6	6.0
All Urban Consumers	1982-84 = 100	Dec.	131.1	3.7	6.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1989	na	.....	.....
OVERNIGHT OR LONGER VISITORS	number	Jan.	573,970p	0.3	1.9
Westbound	number	Jan.	378,960p	−1.4	−2.0
Eastbound	number	Jan.	195,010p	3.7	10.3
AVERAGE DAILY VISITOR CENSUS	number	Jan.	135,690p	3.2	5.9
AVERAGE LENGTH OF STAY	no. of days	Jan.	11.1p	4.7	0.0
MEETING ATTENDANCE	number	Dec.	24,884	−47.4	−43.0
ORGANIZED GROUP TOURS	number	Jan.	55,530p	44.7	−19.3
VISITOR COUNT BY COUNTY[2]					
Oahu	number	Jan.	245,230p	−3.2	−6.1
Maui County	number	Jan.	150,530p	−0.5	−8.3
Hawaii	number	Jan.	84,640p	10.3	8.9
Kauai	number	Jan.	76,160p	1.2	−13.2

p = preliminary *'Compared to 2nd Half 1988*
[2]Estimated Westbound
**Group Only*

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY:					
STATE	percent	Jan.	80.9	9.3	−1.3
Oahu	percent	Jan.	90.7	9.1	−2.1
Maui (Island)	percent	Jan.	67.3	11.8	−2.2
Hawaii	percent	Jan.	70.7	21.9	19.2
Kauai	percent	Jan.	59.1	1.7	−11.0
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,604.5	.....	6.8
Military Payroll	mil. $	Yr. to 3rd Qtr.	724.9	.....	7.4
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	514.7	.....	5.1
Local Purchases	mil. $	Yr. to 3rd Qtr.	364.9	.....	8.1
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1988	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.	9.0	.....	−26.3
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Feb.	458.8p	.....	4.0
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1989	95,448	.....	−11.1
FRESH	thous. lbs.	Jan.-Feb.	40,541	.....	−2.7
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	168,167	.....	10.4
FLOWERS & NURSERY PRODUCTS	thous. $	1988	59,646	.....	9.0
Anthurium Outshipments[1]	th. dozens	Dec.	68.0	−2.4	−26.8
Potted Foliage Plants	thous. $	1988	12,424	.....	−6.8
FRUITS & NUTS	thous. $	1988	61,427	.....	15.2
Papaya Sales	th. lbs.	Jan.	5,080	−16.3	14.8
Average Farm Price	cents/lb.	Jan.	21.0p	20.0	−2.3
Macadamia Nut Sales (in shell)	th. lbs.	1989	51,000e	.....	12.1
Average Farm Price	cents/lb.	1989	89.0	.....	−1.1
VEGETABLES AND MELONS[4]	th. lbs.	Feb.	7,588p	.....	3.4
LIVESTOCK	thous. $	1988	88,620	.....	1.0
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Dec.	2,870	11.2	4.7
Average Farm Price (Feedlot Beef)	cents/lb.	Dec.	91.0p	0.6	−2.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Dec.	660	27.4	−2.9
Average Farm Price	cents/lb.	Dec.	104.5p	0.5	−2.3
MILK PRODUCTION	mil. lbs.	Jan.	13.2	.....	−2.2
Average Price Sold to Plants	$/100 lbs.	Jan.	20.77	0.1	−1.2
EGG PRODUCTION	mil.	Jan.	19.5	.....	6.6
Average Farm Price	cents/doz.	Jan.	85.5	0.6	14.0
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Feb.	1,355.0	.....	2.3
GAS SALES	th. therms.	Jan.-Feb.	9,410	.....	10.2
TELEPHONE LINES IN SERVICE	thous.	Jan.-Feb.	559.9	.....	4.8

p = preliminary.
[1]Excludes Naval contract purchases from vendors in the State of Hawaii.
[4]From Hawaii County.
[4]Includes snap beans, cabbage, celery, sweet corn, cucumber, onions, green peppers, tomatoes, and watermelons.

count for the Big Island increased by 9 percent to 84,640 persons. Kauai County saw the largest decline, dropping by 13 percent to 76,160 visitors. The Oahu and Maui County westbound visitor counts declined by 6 and 8 percent, respectively, to 245,230 and 150,530 persons.

In spite of the increased visitor count, the statewide hotel occupancy rate declined by 1 percent for January. This discrepancy was reportedly due to a rise in the number of visitors staying with friends, relatives or utilizing other alternative accommodations.

Oahu had the highest occupancy rate of 91 percent, representing a 2 percentage point decline. Kauai had the lowest occupancy rate of 59 percent, down by 7 percentage points from the previous year. Maui also posted a 2 percentage point decline, resulting in a 67 percent occupancy rate. However, the Big Island hotels experienced a 12 percentage point increase to a 71 percent occupancy rate.

In the beginning of March, a statewide hotel workers strike affecting 11 hotels, 8 on Oahu and 3 on the Neighbor Islands, emerged as a major disruption for the visitor industry. The strike lasted for 22 days. At press time, it was too early to calculate the total impact of the strike on tourism. However, given the length of the strike, the impact is expected to be minor.

Heavy rainfall in the first two months of the year resulted in a mixed performance for the state's agriculture industry. Fresh pineapple shipments through February decreased by 3 percent to 41 million tons. Sugar production for January fell by 26 percent to 9,000 tons. The average New York raw sugar price through February increased by 4 percent to $459 per ton.

Papaya sales for January were ahead by 15 percent to 5 million pounds. However, the average papaya farm price was marginally lower at 21 cents per pound. Production of vegetables and melons through February rose by 3 percent to 8 million pounds from a year ago. The anthurium industry experienced a decline in 1989. Cumulative outshipments of anthuriums through December were down by 27 percent to 893,500 dozens.

The construction industry showed signs of continued growth in January. Construction put-in-place rose by 31 percent to $321 million.

Private permits authorized, an indicator of future construction activity, increased for all counties. While residential permits authorized for Oahu rose by 22 percent to $39 million, nonresidential permits declined by 37 per-

cent to $18 million.

Residential permits authorized for Maui County dropped by 4 percent to $14 million, but non-residential permits authorized increased by 44 percent to $5 million. For the Big Island, residential and non-residential permits increased by 57 and 19 percent, respectively, to $16 and $6 million. Likewise, residential permits for Kauai increased by 94 percent to $13 million, while non-residential permits authorized rose by 40 percent to $4 million.

Public sector construction through February declined by 19 percent to $109 million. Public contracts awarded by the federal and state governments increased by 8 and 14 percent, respectively, while county government contracts declined by 42 percent.

Oahu experienced a 37 percent decline in public construction contracts over the same period last year to $77 million. Kauai County posted the largest increase of 607 percent to $19 million. Maui County saw a 45 percent increase to $12 million. The Big Island's public contracts dropped 47 percent to $1 million.

Hawaii's real estate industry continued to grow in January. The number of single-family home resales increased by 20 percent over last year, while condominium resales climbed by 37 percent. The average prices of a single-family home and condominium unit rose by 49 and 23 percent, respectively, to $376,645 and $183,809.

The average price of a single-family unit on Oahu increased by 62 percent to $456,890. Maui County experienced a 59 percent increase to $358,303 in the average price of a single-family unit. The Big Island had the lowest average single-family home price of $196,040, reflecting a 4 percent increase. On Kauai, the average price of a single-family unit declined by 11 percent to $239,083.

Maui County had the highest average condominium price of $214,118, reflecting a 15 percent increase. The average condominium price on Oahu and Kauai increased by 31 and 7 percent, respectively, to $184,895 and $161,471. However, the Big Island saw an 11 percent decline to $123,283.

Hawaii's financial activity for January remained strong. Total deposits increased by 21 percent to $12 billion, with all counties reporting increases over the previous year.

Tax collections, an indicator of the overall pace of business activity, showed negligible growth compared to January. Tax collections increased marginally to $247 million.

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE						
STATE:		mil. $	Jan.	321,055	.....	31.2
Oahu		mil. $	Jan.	278,791	.....	30.9
Maui County		thous. $	Jan.	18,253	.....	34.5
Hawaii		thous. $	Jan.	17,942	.....	30.2
Kauai		thous. $	Jan.	6,069	.....	42.2
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1982 = 100	Feb.	140.7	0.1	2.0
HIGH-RISE		1982 = 100	Feb.	135.7	0.0	2.6
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	Jan.	82,757p	.....	29.3
	Single Family Units	number	Jan.	624p	.....	37.7
	Multiple Family Units	number	Jan.	133p	.....	−21.3
	NONRESIDENTIAL	thous. $	Jan.	32,346p	.....	−17.7
OAHU:	RESIDENTIAL	thous. $	Jan.	39,263	.....	22.0
	Single Family Units	number	Jan.	223	.....	19.3
	Multiple Family Units	number	Jan.	119	.....	−23.7
	NONRESIDENTIAL	thous. $	Jan.	18,141	.....	−36.5
MAUI CO.:	RESIDENTIAL	thous. $	Jan.	13,964p	.....	−4.5
	Single Family Units	number	Jan.	114p	.....	20.0
	Multiple Family Units	number	Jan.	2p	.....	−50.0
	NONRESIDENTIAL	thous. $	Jan.	4,840p	.....	44.3
HAWAII:	RESIDENTIAL	thous. $	Jan.	16,145	.....	57.1
	Single Family Units	number	Jan.	197	.....	45.9
	Multiple Family Units	number	Jan.	8	.....	14.3
	NONRESIDENTIAL	thous. $	Jan.	5,771	.....	19.4
KAUAI:	RESIDENTIAL	thous. $	Jan.	13,385p	.....	93.7
	Single Family Units	number	Jan.	90p	.....	150.0
	Multiple Family Units	number	Jan.	4p	.....	100.0
	NONRESIDENTIAL	thous. $	Jan.	3,594p	.....	39.7
PUBLIC CONTRACTS AWARDED						
STATE		thous. $	Jan.-Feb.	109,381	.....	−19.3
Oahu		thous. $	Jan.-Feb.	76,808	.....	−37.1
Maui County		thous. $	Jan.-Feb.	12,374	.....	44.6
Hawaii		thous. $	Jan.-Feb.	1,164	.....	−47.3
Kauai		thous. $	Jan.-Feb.	19,033	.....	606.8
BY LEVEL OF GOVERNMENT						
Federal		thous. $	Jan.-Feb.	20,622	.....	7.6
State		thous. $	Jan.-Feb.	43,239	.....	14.1
County		thous. $	Jan.-Feb.	45,520	.....	−42.1
REAL ESTATE RESALES						
STATE:	Single Family	number	Jan.	360	.....	20.0
	Average Price	dollars	Jan.	376,645	.....	49.2
	Condominium	number	Jan.	702	.....	36.8
	Average Price	dollars	Jan.	183,809	.....	22.5
OAHU:	Single Family	number	Jan.	227	.....	38.4
	Average Price	dollars	Jan.	456,890	.....	61.6
	Condominium	number	Jan.	516	.....	38.0
	Average Price	dollars	Jan.	184,895	.....	31.1
MAUI CO.:	Single Family	number	Jan.	31	.....	−18.4
	Average Price	dollars	Jan.	358,303	.....	59.0
	Condominium	number	Jan.	106	.....	29.3
	Average Price	dollars	Jan.	214,118	.....	14.7
HAWAII:	Single Family	number	Jan.	84	.....	23.5
	Average Price	dollars	Jan.	196,040	.....	4.4
	Condominium	number	Jan.	52	.....	73.3
	Average Price	dollars	Jan.	123,283	.....	−23.3
KAUAI:	Single Family	number	Jan.	18	.....	−40.0
	Average Price	dollars	Jan.	239,083	.....	−10.8
	Condominium	number	Jan.	28	.....	3.7
	Average Price	dollars	Jan.	161,471	.....	6.8

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1988	1,218.8p	.....	1.5
Total Resident Population	thous.	July 1, 1988	1,098.2p	.....	1.5
OAHU:					
Total De Facto Population	thous.	July 1, 1988	902.6p	.....	1.2
Total Resident Population	thous.	July 1, 1988	838.5p	.....	1.1
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1988	125.0p	.....	1.8
Total Resident Population	thous.	July 1, 1988	93.0p	.....	3.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1988	126.3p	.....	2.4
Total Resident Population	thous.	July 1, 1988	117.5p	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1988	64.9p	.....	3.3
Total Resident Population	thous.	July 1, 1988	49.3p	.....	2.9
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1988	1,041.4p	.....	1.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION[1]	number	Jan.	350	.....	8.4

p = preliminary
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	3rd Qtr.	20,609p	2.6	11.1
EMPLOYMENT INCOME[1]	mil. $	3rd Qtr.	15,880p	2.9	11.6
Manufacturing	mil. $	3rd Qtr.	635p	1.3	3.8
Construction & Mining	mil. $	3rd Qtr.	1,440p	4.7	36.2
Wholesale	mil. $	3rd Qtr.	627p	2.8	13.0
Retail	mil. $	3rd Qtr.	1,858p	2.1	11.2
Finance, Ins., & Real Estate	mil. $	3rd Qtr.	1,141p	4.0	13.3
Trans., Comm., & Util.	mil. $	3rd Qtr.	1,276p	2.8	5.3
Services	mil. $	3rd Qtr.	4,407p	5.7	14.1
Farm & Other	mil. $	3rd Qtr.	335p	−4.3	−5.1
Federal Civilian	mil. $	3rd Qtr.	1,104p	0.6	5.2
Federal Military	mil. $	3rd Qtr.	1,398p	0.0	3.2
State & Local	mil. $	3rd Qtr.	1,640p	1.0	10.7
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd Qtr.	3,124p	1.7	13.3
TRANSFER PAYMENTS ($2,656 minus personal contributions for social insurance $1,051)	mil. $	3rd Qtr.	1,605p	0.9	2.9
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1988	16,753	.....	7.6
Oahu	dollars	1987	16,412	.....	7.0
Maui County	dollars	1987	14,352	.....	5.8
Hawaii	dollars	1987	12,455	.....	6.3
Kauai	dollars	1987	13,085	.....	6.0

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

AWAIIAN BANK

The Coffee Industry in Hawaii

As Hawaii turns to diversified agriculture to reduce its dependence on the sugar and pineapple industries, coffee is showing promising signs of becoming a larger contributor to the state's diversified agricultural industry. Hawaii's present coffee industry, which consists primarily of Kona coffee, has gained worldwide recognition for its high quality and superior taste.

New ventures on Kauai, Molokai and Maui have entered the coffee scene, and their production could overtake the Kona crop in a few years. This makes coffee a state product and not just a Kona specialty.

At the turn of the century, coffee was the state's largest diversified crop with over 13,000 acres planted on all islands. By 1980, competing uses of land and other job opportunities for coffee farmers had reduced the industry to fewer than 2,000 acres farmed in Kona.

During the 1980s, the Kona coffee industry experienced a turnaround due to aggressive marketing and a booming gourmet coffee market. From 1980 to 1989, total crop acreage expanded by 58 percent from 1,900 acres to 3,000 acres. During the 1989-90 season, 400 new acres of coffee were planted, the majority on Kauai. This increased the total crop acreage by over 15 percent from the previous season.

The Hawaii Agricultural Statistics Service expects that the coffee production for the 1989-90 season will increase by 10 percent and total over 2 million pounds (parchment equivalent). Although this is far below the all time high of 3 million pounds harvested in 1986-87, the farm value of this season's harvest is expected to reach a record high of $9 million. This represents a 35 percent increase over the 1988-89 crop when coffee ranked as the eighth largest cash crop in the islands.

Hawaii is a relatively small player in the world coffee market. Total state production is less than one-tenth of one percent of world production. Based on 1989-90 estimates, Hawaii will produce just under 17,000 bags of coffee (one bag equals 132 pounds), compared to an expected total world production of 94 million bags. Brazil and Colombia, the top two coffee growing countries, are expected to produce 25 million and 13 million bags, respectively.

The U.S. is the largest importer of coffee; over 17 million bags of green coffee (dried and husked) were imported in 1989-90. While the U.S. consumes about 60 percent of the world's coffee, health concerns and increased popularity of substitute beverages have led to a decline in the U.S. coffee con-

sumption. Between 1984 and 1988, the average number of cups of coffee consumed per person fell by 16 percent.

Despite the decline in U.S. coffee consumption, the popularity of gourmet coffee has grown rapidly. U.S. sales of gourmet and specialty coffee have increased by 25 percent per year since 1975. In 1988, total gourmet coffee sales reached $600 million.

The strength of the gourmet coffee market sent prices of high quality and specialty blends soaring even while world coffee commodity prices declined. In July 1989, coffee commodity prices fell after the International Coffee Organization (ICO) suspended all coffee export quotas. Countries then exported surplus coffee into an over supplied market. The average coffee price for November 1989, dropped to $.62 per pound, less than half of the January, 1989 average price of $1.27 per pound.

The Kona coffee industry was not affected by the ICO action. Instead, it expects a record average farm price of $4.05 per pound (parchment equivalent) for the 1989-90 season; the second highest price following the high quality Jamaica Blue Mountain coffee.

The Kona coffee industry has wrestled with defining Kona coffee. No standards exist which regulate the percentage of Kona coffee beans required in coffee labeled "Kona Blend." Thus, a blend containing one percent Kona coffee could still be marketed as a "Kona Blend." Also of concern is "Kona Style" coffee which may taste like Kona coffee but contains no Kona coffee beans. Industry leaders feel that such unregulated marketing practices could compromise the reputation of high quality Kona coffee.

Hawaii's coffee industry has expanded to other parts of the state. On Kauai, McBryde Sugar Company, a subsidiary of Alexander & Baldwin, Inc., formed a joint venture called Island Coffee Company with Hills Brothers, Inc. a subsidiary of Nestle S.A., Inc. Under the agreement, McBryde will grow, dry, husk and process the coffee into green beans at a processing plant to be set up at the Numila sugar factory on Kauai. The beans will then be sent to San Francisco where Hills Brothers will roast, grind and market the coffee. The final product is expected to be on the market later this year.

By the end of 1989, McBryde had 1,200 acres of coffee planted between Wahiawa and Kalaheo. McBryde hopes to eventually devote at least 5,000 of its 11,300 acres of sugarcane land to coffee production by the end of 1992.

The level fields once used for sugar make McBryde ideally suited for

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Jan.	524.2p	−0.9	1.8
Employment	thous.	Jan.	509.1p	−1.4	2.4
Unemployment	thous.	Jan.	15.1p	19.4	−15.7
Unemployment Rate	percent	Jan.	2.9p	20.8	0.0
OAHU:					
Civilian Labor Force	thous.	Jan.	385.8p	−1.0	1.7
Employment	thous.	Jan.	375.3p	−1.6	2.1
Unemployment	thous.	Jan.	10.5p	26.7	−9.1
Unemployment Rate	percent	Jan.	2.7p	28.6	8.0
MAUI COUNTY:					
Civilian Labor Force	thous.	Jan.	53.9p	−1.3	3.6
Employment	thous.	Jan.	52.3p	−0.9	4.0
Unemployment	thous.	Jan.	1.6p	−11.4	−11.4
Unemployment Rate	percent	Jan.	2.9p	−9.4	7.4
HAWAII:					
Civilian Labor Force	thous.	Jan.	57.1p	0.3	0.1
Employment	thous.	Jan.	55.1p	−0.4	2.6
Unemployment	thous.	Jan.	2.0p	21.2	−40.3
Unemployment Rate	percent	Jan.	3.5p	20.7	−28.6
KAUAI:					
Civilian Labor Force	thous.	Jan.	27.5p	−0.7	2.6
Employment	thous.	Jan.	26.4p	−1.1	3.5
Unemployment	thous.	Jan.	1.1p	10.5	−16.0
Unemployment Rate	percent	Jan.	3.8p	11.8	0.0
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Jan.	558.8p	−0.9	6.1
Oahu	thous.	Jan.	428.3p	−1.2	5.9
Maui County	thous.	Jan.	50.8p	−0.2	7.9
Hawaii	thous.	Jan.	52.9p	0.1	6.3
Kauai	thous.	Jan.	26.9p	−0.4	7.4
SUGAR (Mill and Field)	thous.	Jan.	5.6p	0.9	−11.1
PINEAPPLE (Cannery and Field)	thous.	Jan.	2.9p	−9.4	−15.9
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	Jan.	16.7p	−0.6	−5.1
Durable Goods	thous.	Jan.	4.1p	−2.4	−4.7
Non-Durable Goods	thous.	Jan.	12.6p	0.0	−5.3
Apparel and Textiles	thous.	Jan.	2.4p	0.0	−7.7
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	Jan.	7.3p	−3.9	−3.3
CONTRACT CONSTRUCTION	thous.	Jan.	30.3p	−1.8	23.7
TRANSPORTATION	thous.	Jan.	31.0p	−0.8	6.3
COMMUNICATION	thous.	Jan.	7.3p	0.0	2.8
UTILITIES	thous.	Jan.	2.8p	0.0	3.7
RETAIL TRADE	thous.	Jan.	111.8p	−2.0	3.8
WHOLESALE TRADE	thous.	Jan.	22.3p	0.5	8.8
FINANCE, INSURANCE AND REAL ESTATE	thous.	Jan.	35.4p	−0.7	1.0
HOTEL SERVICES—STATE	thous.	Jan.	38.0p	1.1	3.1
Oahu	thous.	Jan.	19.5p	0.5	8.3
Maui County	thous.	Jan.	8.5p	4.9	3.0
Hawaii	thous.	Jan.	6.1p	−0.8	−3.9
Kauai	thous.	Jan.	4.0p	−1.2	−8.1
OTHER SERVICES	thous.	Jan.	110.1p	−0.4	12.3
FEDERAL GOVERNMENT	thous.	Jan.	33.5p	−0.9	0.0
Civilian Agencies	thous.	Jan.	13.7p	−2.1	3.0
Defense Department	thous.	Jan.	19.8p	0.0	−2.0
STATE GOVERNMENT	thous.	Jan.	53.5p	−6.8	3.3
COUNTY GOVERNMENT	thous.	Jan.	13.8p	−0.4	1.8
NON-AGRICULTURE SELF-EMPLOYED	thous.	Jan.	36.6p	8.5	17.7

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg)	number	Feb.	5,501	18.9	4.0
Intrastate Initial Claims	number	Feb.	3,619	44.5	14.7
Interstate Initial Claims	number	Feb.	253	18.9	15.5
Unemployment Insur. Benefits	thous. $	Feb.	3,975	11.4	8.4
INCOME MAINTENANCE:					
Recipients[1]	no. persons	Jan.	51,568	2.2	3.1
Payments	thous. $	Jan.	10,448	.....	15.1
MEDICAL ASSISTANCE:					
Recipients[1]	no. patients	Feb.	51,217	4.5	13.1
Payments	thous. $	Jan.-Feb.	18,888	.....	16.1
FOOD STAMPS:					
Recipients[1]	no. persons	Dec.	79,697	0.2	−1.9
Payments	thous. $	Jan.-Dec.	75,458	.....	−0.3
SERVICES:					
Recipients[1]	no. cases	4th Qtr.	7,067	0.8	7.2
Payments	thous. $	Yr. to 4th Qtr.	30,163	.....	42.3

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	Jan.	11,560.3	−1.1	20.8
Debits To Demand Deposits	mil. $	Jan.	17,047.1	.....	37.3
OAHU:					
Total Deposits	mil. $	Jan.	9,583.7	−1.0	22.6
Debits To Demand Deposits	mil. $	Jan.	15,504.6	.....	39.6
MAUI:					
Total Deposits	mil. $	Jan.	808.5	−0.1	15.0
Debits To Demand Deposits	mil. $	Jan.	648.4	.....	8.3
HAWAII:					
Total Deposits	mil. $	Jan.	795.6	−2.6	18.7
Debits To Demand Deposits	mil. $	Jan.	682.8	.....	45.4
KAUAI:					
Total Deposits	mil. $	Jan.	372.5	−0.4	7.9
Debits To Demand Deposits	mil. $	Jan.	265.3	.....	11.4
BANK LOANS OUTSTANDING STATE:[1]	mil. $	4th Qtr.	8,126.0	5.9	17.4
Real Estate	mil. $	4th Qtr.	3,735.1	4.2	16.4
Consumer	mil. $	4th Qtr.	1,296.7	3.7	7.9
Commerical & Industrial	mil. $	4th Qtr.	2,419.6	8.0	18.3
Other	mil. $	4th Qtr.	509.0	3.6	56.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Dec.	9.5	−4.5	5.6
SAVINGS & LOAN ASSOCIATIONS:[2]					
Total Deposits	mil. $	Nov.	4,900.0	0.6	12.9
Total Loans	mil. $	Nov.	118.0	−31.4	19.8
Mortgage Loans	mil. $	Nov.	100.8	−34.8	21.0
TAX COLLECTIONS:[3]					
STATE	thous. $	Jan.	246,537	15.4	0.1
Oahu	thous. $	Jan.	209,847	14.4	1.9
Maui County	thous. $	Jan.	17,591	40.7	−17.6
Hawaii	thous. $	Jan.	12,821	−3.2	−6.0
Kauai	thous. $	Jan.	6,278	42.6	15.2

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

mechanical harvesting. In contrast, Kona coffee farms are located mostly on uneven rocky terrain, and beans must be hand picked. The harvester allows McBryde to plant the coffee trees in dense hedgerows to provide maximum utilization of the land and increase the yield. Also, the coffee fields are drip irrigated to insure proper nutrition. Once under full production, McBryde predicts a yield of 2,500 pounds per acre, much higher than the average Kona yield of 1,000 pounds per acre.

Another coffee venture is taking place on Molokai. Hawaii Guarani Plantations, Inc., under the name Coffees of Hawaii, plans to plant coffee on 800 acres of land located around Kualapuu. The company has experimental fields of coffee grown from Kona seeds and is test planting several other imported varieties. Coffees of Hawaii plans to use a mechanical harvester and drip irrigation to insure uniformity in the quality of the beans. Planting is expected to begin later this year.

Amfac/JMB is also involved in experimental coffee plantings. The company is currently test planting several different varieties of coffee on a 10 acre field on Maui, and has smaller experimental fields on the other major islands. Results from taste tests proved the Maui beans to be of good quality. Amfac/JMB plans to begin planting coffee on 50 acres of its Pioneer Mill plantation in Honokawai. If the first planting proves viable, the company will consider expanding its coffee operations on Maui as well as on the other islands.

The new ventures on Kauai, Molokai and Maui have the potential of passing Kona coffee production in a few years. If successful, McBryde, Coffees of Hawaii and Amfac/JMB could overtake the size of the Kona coffee crop and increase the state's coffee industry to 7,500 acres by the end of 1992. By using techniques such as mechanical harvesting and drip irrigation, the new ventures should be able to produce high-yielding quality coffee and help meet the growing demand for Hawaii-grown coffee.

The already successful Kona coffee industry, combined with the ventures on Kauai, Molokai and Maui, provide the state with the opportunity to further enhance Hawaii's reputation as a producer of quality coffee. It will be several years before the full potential of a statewide coffee industry is developed. The next few years will be crucial in determining what impact the Kauai, Molokai and Maui ventures will have on Hawaii's coffee industry, and what role coffee will play in diversifying the state's agriculture industry.

ECONOMIC INDICATORS

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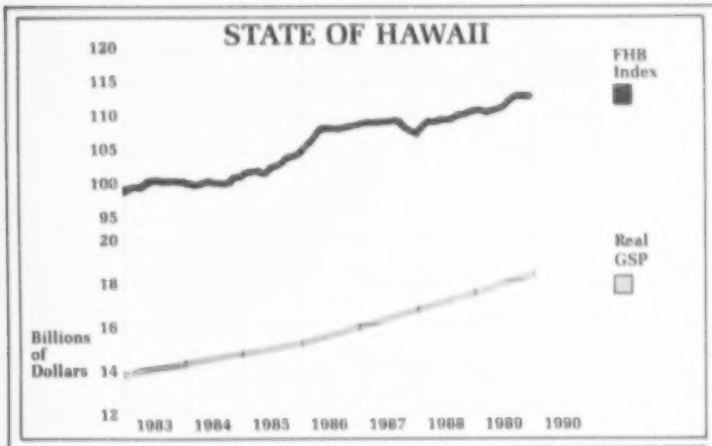

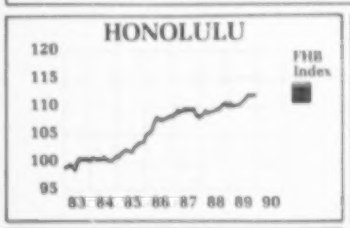

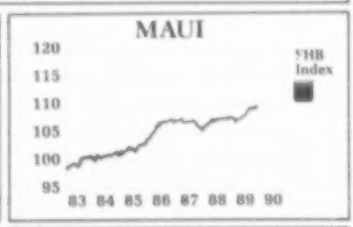

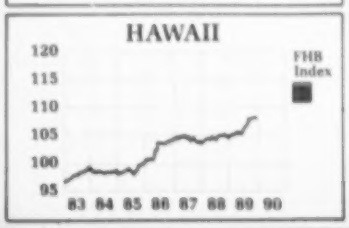

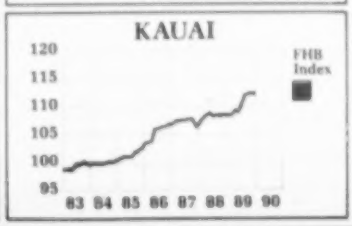

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators declined by 0.4 percent for the month of January, following two consecutive monthly increases. The index is indicating a slowing of economic activity into the second half of 1990. The index components showing strengths, in order of magnitude, were the construction, tourism and interest-rate indicators. The declining components were the inflation, Hawaii-stock, unemployment-insurance-claim, average-workweek-hours, federal money-supply and credit-demand indicators. All county indexes declined, largely affected by four declining state index components commonly used at the county level (average-workweek-hours, inflation, Hawaii-stock and money-supply). Honolulu County showed strengths with the construction indicators, and Hawaii County showed strength with the public-construction and tourism components. All components specific to Maui County rose, and Kauai County showed weakness only with tourism.

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ECONOMIC INDICATORS

ANNUAL SUPPLEMENT

Hawaii In 1989: A Year-End Summary of Hawaii's Economic Indicators and Outlook for 1990

OVERALL TRENDS

Hawaii achieved its seventh consecutive year of economic expansion in 1989. Tourism, construction and real estate transactions led the annual growth. However, all sectors of Hawaii's economy significantly contributed to the state's economic growth. Gross business receipts, a measure of overall business activity, rose by 13 percent to $36 billion. Adjusted for inflation, gross business receipts increased by 7 percent. Total personal income, an indicator of consumer purchasing power, rose by 11 percent through the third quarter 1989, or at an inflation adjusted rate of 5 percent. Hawaii's economic expansion is expected to continue in 1990.

The labor shortage and tight housing market have been two economic problems. The 1989 unemployment rate of 2.8 percent was lower than the national average and was 0.3 percentage point lower than in 1988. The civilian labor force grew by 1 percent to 523,100 persons, and employment grew by 2 percent to 508,400 persons employed. Bottlenecks have occurred across all industries. The state's job count increased by a higher 3 percent to 540,100 jobs, indicating some people were holding multiple jobs. Businesses are dealing with the labor shortage by bringing in workers from the U.S. mainland and other countries, by using workers more efficiently and by hiring workers who would not normally be in the workforce such as the elderly. Given the state's current business expansion, no relief from the labor shortage is in sight.

Statewide, the housing market is tight. Every county has a housing shortage that has become progressively worse over the past several years. Hawaii's homeownership rate is low. A little more than 40 percent of Hawaii's households today are owner occupants versus over 60 percent nationally. However, public and private efforts are focused squarely on resolving this problem. All counties have major housing projects underway or being planned.

Gross state product, the measure of the final goods and services produced in the state, rose by 11 percent to an estimated $24 billion in 1989. Adjusted for inflation, GSP grew by 6 percent. This real growth rate was higher than for any year since the last recession in 1982.

THE VISITOR INDUSTRY

The visitor industry set another record in 1989. Hawaii attracted over 6.6 million overnight-and-longer visitors, a 7 percent increase over 1988. The westbound visitor count rose by 8 percent to 4.6 million visitors. Also, the eastbound visitor count grew by 6 percent to 2 million visitors.

In spite of the substantial growth in visitor count, hotel occupancy rates were up only marginally over 1988. The statewide occupancy rate was at 79 percent for 1989, up by a 0.5 percentage point. Occupancy performance at the county level was mixed, with Maui experiencing a decline.

For 1989, the state recorded a 1 percent decline in the visitor room inventory, to 68,034 rooms. This decline was due to some condominium properties taken out of the short-term rental market. This year 4,775 additional rooms are expected to be available throughout the state.

Several new hotels have opened or are expected to open during 1990. On Maui, the Wailea Resort Company will have three new hotels, the Four Seasons, the Grand Hyatt and the Diamond Resorts. On Kauai, the Hyatt Regency Kauai at Poipu is expected to be completed by late 1990.

On Lanai, Castle & Cooke is introducing a new industry, tourism. The 102-room Koele Lodge opens to the public in spring, 1990, and the 250-room Manele Bay Hotel is to open early 1991. These hotels are massive additions to Lanai's lone 10-room hotel.

In addition to these increases in the visitor plant inventory, the state's major airports are scheduled for expansion. A new large international terminal is to be constructed at the Honolulu International Airport. This new terminal is designed to relieve the bottleneck of inbound processing for foreign visitors by 1992. It should especially benefit Japanese visitors who arrive in flights from Japan that are concentrated in the morning hours. The terminal at the Kahului Airport, the state's second busiest, is being expanded. At the Keahole Airport, the runway is being lengthened to allow wide-bodied jets to take off for mainland destinations. The Lihue Airport runway is being extended for safety reasons.

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MARCH/APRIL 1990

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In spite of this upbeat scenario for tourism, a hotel workers strike affecting 11 hotels, lasted 22 days in March, 1990. The strike loomed as the most serious disruption to tourism since the 1985 United Airlines strike. It inconvenienced the visitors around the affected hotels and it may have impacted those planning to visit. As the *Economic Indicators* went to press, it was too early to calculate the total impact of the strike on the visitor industry. However, given the length of the strike, the impact is expected to be minor.

The prospects for tourism in 1990 also depend on the mainland U.S. and Japanese markets. Mexico looms as a major alternate destination for American tourists. Real growth for the U.S. economy is expected to be less than 2 percent for 1990, following a 3 percent growth rate for 1989. These facts combine to suggest that this year's westbound visitor market should follow the U.S. growth trend and increase at a slower rate.

The Japanese economy was expected to experience solid growth for 1990. Although Australia and Hong Kong are major alternate destinations for Japanese travellers, Hawaii's eastbound market is expected to be solid again this year. The prospects of increased flights between Japan and Honolulu (cover story, January/February, 1990 issue) may yield a further boost to tourism.

Not including any possible effects of the strike and considering cited facts, Hawaii's visitor industry should expect slower growth in 1990. The overall visitor count was estimated to increase by 5 to 7 percent.

CONSTRUCTION AND REAL ESTATE

The construction and real estate industries had a banner year in 1989. The total value of construction put-in-place rose by 24 percent to $3 billion for 1989, the fifth year of double digit growth. Adjusted for inflation, construction activity rose by 20 percent. Growth was substantial despite the year's higher interest rate environment; the average prime rate was 10.9 percent last year and 9.3 percent for 1988. It took 9 years, from 1978 to 1987, for construction to grow from a $1 billion to a $2 billion per year industry. It took 2 years, from 1988 to 1989, for construction to reach $3 billion. Construction is once again Hawaii's second largest industry.

Most of the activity occurred on Oahu, where construction put-in-place reached $2.7 billion. The Big Island had the second largest construction industry, which grew by 18 percent to $192 million. Maui had the largest growth rate of the neighbor islands, with an

U.S. ECONOMIC INDICATORS

Series	Unit	Period	1989	1988	Percent Change 1988-89
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	quarterly ave.	5,233r	4,881	7.2
In 1982 Dollars	bil. $	quarterly ave.	4,144r	4,024	3.0
PERSONAL INCOME**	bil. $	monthly ave.	4,428r	4,065	8.9
INTEREST RATES					
AVERAGE PRIME RATE	percent	monthly ave.	10.87	9.32	16.6
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	annual total	414.7r	409.7	1.2
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	monthly ave.	127.3	122.3	4.1
Apts., Hotels, Office Bldgs.	1982 = 100	monthly ave.	124.7	120.2	3.7
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	monthly ave.	117,342	114,968	2.1
UNEMPLOYMENT*	thous.	monthly ave.	6,528	6,701	−2.6
UNEMPLOYMENT RATE*	percent	monthly ave.	5.2	5.4	−3.7
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	'82-'84 = 100	monthly ave.	122.6	117.0	4.8
All Urban Consumers	'82-'84 = 100	monthly ave.	124.0	118.3	4.8
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	monthly ave.	113.5p	108.0	5.1
All Commodities	1982 = 100	monthly ave.	112.2	106.9	5.0

r = revised.
p = preliminary.
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

BUSINESS ACTIVITY IN HAWAII

GROSS STATE PRODUCT	bil. $	annual total	24.0e	21.6	10.8
BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	annual total	36,106.5	31,833.8	13.4
Oahu	mil. $	annual total	30,853.5	26,874.9	14.8
Maui County	mil. $	annual total	2,143.0	2,100.1	2.0
Hawaii	mil. $	annual total	2,307.5	2,081.8	10.8
Kauai	mil. $	annual total	802.6	777.1	3.3
DIVERSIFIED MANUFACTURING	mil. $	annual total	657.9	606.7	8.4
DIVERSIFIED AGRICULTURE	mil. $	annual total	319.0	308.2	3.5
RETAILING	mil. $	annual total	12,172.7	10,939.0	11.3
WHOLESALING	mil. $	annual total	9,706.7	8,300.4	16.9
SERVICES	mil. $	annual total	8,176.9	7,440.2	9.9
OAHU NEW CAR SALES	number	annual total	43,443	40,000	8.6
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	'82-'84 = 100	annual ave.	129.7	122.8	5.6
All Urban Consumers	'82-'84 = 100	annual ave.	128.8	121.8	5.7
TOURISM					
VISITOR EXPENDITURES	mil. $	annual total	na	9,200	.....
OVERNIGHT OR LONGER VISITORS	number	annual total	6,594,010p	6,142,420	7.4
Westbound	number	annual total	4,612,720p	4,264,730	8.2
Eastbound	number	annual total	1,981,290p	1,877,690	5.5
AVERAGE DAILY VISITOR CENSUS	number	monthly ave.	124,500p	115,570	7.7
AVERAGE LENGTH OF STAY	no. of days	monthly ave.	9.9p	9.9	0.0
MEETING ATTENDANCE	number	annual total	293,059	290,341	0.9
ORGANIZED GROUP TOURS	number	annual total	667,090p	593,020	12.5
VISITOR COUNT BY COUNTY*					
Oahu	number	annual total	3,140,110p	3,013,860	4.2
Maui County	number	annual total	2,040,730p	1,884,050	8.3
Hawaii	number	annual total	956,080p	782,360	22.2
Kauai	number	annual total	1,176,610p	1,043,710	12.7

p = preliminary. **Estimated Westbound.* **Group only.*
e = estimated.

BUSINESS ACTIVITY IN HAWAII (cont.)

Series	Unit	Period	1989	1988	Percent Change 1988-89
VISITOR ACCOMMODATIONS:					
STATE	number	February	68,034	69,012	−1.4
Oahu	number	February	36,467	37,841	−3.6
Waikiki	number	February	32,808	33,661	−2.5
Maui (Island)	number	February	15,439	14,591	5.8
Molokai	number	February	559	567	−1.4
Lanai	number	February	10	10	0.0
Hawaii	number	February	8,161	8,823	−7.5
Kauai	number	February	7,398	7,180	3.0
HOTEL OCCUPANCY:					
STATE	percent	monthly ave.	79p	78.5	0.6
Oahu	percent	monthly ave.	86.4p	85.4	1.2
Maui (Island)	percent	monthly ave.	69.2p	73.4	−5.7
Hawaii	percent	monthly ave.	60.8p	56.4	7.8
Kauai	percent	monthly ave.	71.3p	66.9	6.6
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	annual total	na	1,991.2	.....
Military Payroll	mil. $	annual total	na	899.3	.....
Civilian Payroll	mil. $	annual total	na	639.4	.....
Local Purchases	mil. $	annual total	na	452.5	.....
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	annual total	na	209.9	.....
SUGAR PRODUCTION	thous. tons	annual total	863.6	928.2	−7.0
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	monthly ave.	455.2	442.4	2.9
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	mil. $	annual total	95.4	107.4	−11.1
FRESH SHIPMENTS	thous. lbs.	annual total	269,641	264,845	1.8
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	annual total	na	168,167	.....
FLOWERS & NURSERY PRODUCTS	thous. $	annual total	na	59,646	.....
Anthurium Outshipments[2]	th. dozens	annual total	894	1,169	−23.5
Potted Foliage Plants	thous. $	annual total	na	12,424	.....
FRUITS & NUTS	thous. $	annual total	na	61,427	.....
Papaya Sales	th. lbs.	annual total	65,545	56,600	15.8
Average Farm Price	cents/lb.	monthly ave.	22.2	21.0	5.7
Macadamia Nut Sales (in shell)	th. lbs.	annual total	51,000e	45,500	12.1
Average Farm Price	cents/lb.	monthly ave.	89.0	90.0	−1.1
VEGETABLES AND MELONS[3]	th. lbs.	annual total	59,460p	68,582	−13.3
LIVESTOCK	thous. $	annual total	na	88,620	.....
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	annual total	34,931	31,933	9.2
Average Farm Price (Feedlot Beef)	cents/lb.	monthly ave.	92.0	91.0	1.1
HOG PRODUCTION (Dressed Wt.)	th. lbs.	annual total	6,303	6,447	−2.2
Average Farm Price	cents/lb.	monthly ave.	105.0	102.0	2.9
MILK PRODUCTION	mil. lbs.	annual total	153.9	159.8	−3.7
Average Price Sold to Plants	$/100 lbs.	monthly ave.	20.85	20.51	1.7
EGG PRODUCTION	mil.	annual total	227.1	224.0	1.4
Average Farm Price	cents/doz.	monthly ave.	79.6	73.4	8.4
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	annual total	8,486	8,178	3.8
GAS SALES	th. therms.	annual total	52,263	50,295	3.9
TELEPHONE LINES IN SERVICE	thous.	end of period	555.6	529.7	4.9
CONSTRUCTION PUT IN PLACE					
STATE:	thous. $	annual total	3,193,050	2,528,964	26.3
Oahu	thous. $	annual total	2,741,096	2,163,691	26.7
Maui County	thous. $	annual total	190,407	145,706	30.7
Hawaii	thous. $	annual total	191,675	162,756	17.8
Kauai	thous. $	annual total	69,872	56,811	23.0

p = preliminary.
na = not available.
[2]From Hawaii County.
[3]Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

increase of 31 percent to $190 million. Kauai saw a 23 percent growth to $70 million.

The industry generated the most new jobs in 1989. Construction averaged 27,000 jobs, reflecting a 16 percent increase. This increase was in addition to the 10 percent growth in jobs for 1988. The labor shortage, a by-product of the high construction volume, forced some contractors to import workers from the mainland.

Construction should be solid again for 1990. Private building permits, an indicator of future construction activity, rose by 15 percent to $1.8 billion. The value of private residential permits was 50 percent greater than non-residential permits. Building permits on Oahu increased by 27 percent to $974 million. The Big Island saw an 87 percent increase to $339 million. However, Maui and Kauai experienced 22 and 16 percent decreases, respectively, to $318 and $179 million. These declines were due to no new hotel construction permits issued during December,1989 as during December,1988.

Public contracts awarded increased by 9 percent to $725 million. On Oahu and Kauai, public contracts increased by 27 and 50 percent, respectively, to $602 million and $37 million. Maui and the Big Island experienced declines of 35 and 65 percent, respectively, to $63 million and $24 million.

Residential construction projects are expected to dominate the industry this year. Other major projects include the construction of the H-3 Freeway, improvements at the state's major airports, continued hotel renovations including the start of construction of 5 additional hotels on three islands, more golf course developments and continued office and commercial developments. Given the slower growth prospects of the national economy and notwithstanding an increase in inflation, interest rates may be at a lower level this year. The construction industry is expected to grow by 15 to 25 percent for 1990.

The real estate industry experienced another year of exceptional growth. Total residential resales increased by 26 percent to over $2.7 billion last year. The pace of single-family resales accelerated in 1989. The number of units sold increased by 7 percent to 4,388 units. In 1988, resales grew by 1 percent to 4,084 units. However, the pace declined for the condominium market last year when 7,639 condominium units were sold, reflecting a 7 percent increase. In 1988, the industry saw a 19 percent growth with 7,140 units sold.

The tight housing market pushed prices higher. The average price of a

single-family home and condominium unit increased by 18 and 20 percent, respectively, to $315,009 and $171,227.

Assuming a lower interest climate and continued short supply of inventory, real estate resales should remain solid for 1990. The value of real estate resales should grow by 5 to 15 percent.

MILITARY

The military's contribution to the state's economy is getting smaller in comparison to the other sectors. Defense expenditures amounted to $2 billion in 1988, reflecting a 2 percent increase over 1987, but down by 4 percent in real terms.

For 1989, only third quarter data are available. Defense expenditures were ahead by 7 percent over the 1988 level or by 1 percent in real terms. The total military population was down by 12 percent to 56,370 military personnel stationed in Hawaii, as of July, 1989. The number of civilian defense department jobs held steady at 20,200 jobs.

The outlook for defense expenditures depends on policy set by the Bush administration. Under the current budget proposed, no military base or installation in Hawaii will be closed. Homeporting the USS Missouri can significantly increase the military's impact on Hawaii's economy. However, defense expenditures are expected to grow moderately, at best, this year.

SUGAR

The sugar industry reported lower sugar production last year, but was helped by higher raw sugar prices. Production was down by 7 percent to 863,614 tons, but, the average New York raw sugar price was up by 3 percent to $455.20 per ton. Poor weather conditions and decreasing acreage devoted to sugar as a result of industry restructuring were responsible for lower production levels. The industry provided 8 percent less jobs in 1989, to 6,100 jobs. In 1989, revenues increased marginally to $342 million.

Hawaii's plantations are continuing to diversify into alternative crops and paring marginal acreage to become as productive as possible. In 1989, Hamakua Sugar Company began reducing acreage to cut production to 110,000 tons, which would allow for a five-day instead of a seven-day workweek. McBryde Sugar Company is well into its coffee joint venture with Hills Brothers, and its macadamia nut production is increasing. Amfac/JMB is also experimenting with diversified crops.

The outlook for sugar in 1990 is mixed. The Hawaiian Sugar Planters Association projected sugar production at 882,000 tons. On the political front,

BUSINESS ACTIVITY IN HAWAII (cont.)

Series		Unit	Period	1989	1988	Percent Change 1988-89
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1982 = 100	monthly ave.	138.5	132.8	4.3
HIGH-RISE		1982 = 100	monthly ave.	133.2	126.1	5.6
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	annual total	1,083,129	828,177	30.8
	Single Family Units	number	annual total	6,169	5,846	5.5
	Multiple Family Units	number	annual total	3,239	3,019	7.3
	NONRESIDENTIAL	thous. $	annual total	725,615	740,711	−2.0
OAHU:	RESIDENTIAL	thous. $	annual total	514,046	429,367	19.7
	Single Family Units	number	annual total	1,614	1,986	−18.7
	Multiple Family Units	number	annual total	1,882	1,343	40.1
	NONRESIDENTIAL	thous. $	annual total	459,609	335,867	36.8
MAUI CO.:	RESIDENTIAL	thous. $	annual total	210,377	175,650	19.8
	Single Family Units	number	annual total	1,136	1,453	−21.8
	Multiple Family Units	number	annual total	816	1,162	−29.8
	NONRESIDENTIAL	thous. $	annual total	107,525	232,858	−53.8
HAWAII:	RESIDENTIAL	thous. $	annual total	219,785	132,272	66.2
	Single Family Units	number	annual total	2,562	1,715	49.4
	Multiple Family Units	number	annual total	487	474	2.7
	NONRESIDENTIAL	thous. $	annual total	118,717	49,027	142.1
KAUAI:	RESIDENTIAL	thous. $	annual total	138,924	90,887	52.9
	Single Family Units	number	annual total	857	692	23.8
	Multiple Family Units	number	annual total	54	40	35.0
	NONRESIDENTIAL	thous. $	annual total	39,764	122,962	−67.7
PUBLIC CONTRACTS AWARDED						
STATE		thous. $	annual total	725,229	664,957	9.1
Oahu		thous. $	annual total	601,863	474,879	26.7
Maui County		thous. $	annual total	63,297	96,748	−34.6
Hawaii		thous. $	annual total	24,416	69,568	−64.9
Kauai		thous. $	annual total	35,655	23,761	50.1
BY LEVEL OF GOVERNMENT:						
Federal		thous. $	annual total	124,185	183,882	−32.5
State		thous. $	annual total	421,687	343,070	22.9
County		thous. $	annual total	179,357	138,002	30.0
REAL ESTATE RESALES						
STATE:	Single Family	number	annual total	4,388	4,084	7.4
	Average Price	dollars	monthly ave.	315,009	266,929	18.0
	Condominium	number	annual total	7,639	7,140	7.0
	Average Price	dollars	monthly ave.	171,227	142,492	20.2
OAHU:	Single Family	number	annual total	2,652	2,567	3.3
	Average Price	dollars	monthly ave.	376,710	316,957	18.9
	Condominium	number	annual total	5,813	5,538	5.0
	Average Price	dollars	monthly ave.	167,129	137,449	21.6
MAUI CO.:	Single Family	number	annual total	509	501	1.6
	Average Price	dollars	monthly ave.	299,048	244,589	22.3
	Condominium	number	annual total	1,131	1,064	6.3
	Average Price	dollars	monthly ave.	202,894	175,913	15.3
HAWAII:	Single Family	number	annual total	961	806	19.2
	Average Price	dollars	monthly ave.	174,050	138,734	25.5
	Condominium	number	annual total	430	273	57.5
	Average Price	dollars	monthly ave.	151,332	123,905	22.1
KAUAI:	Single Family	number	annual total	266	200	33.0
	Average Price	dollars	monthly ave.	239,646	210,761	13.7
	Condominium	number	annual total	265	265	0.0
	Average Price	dollars	monthly ave.	158,236	132,846	19.1

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POPULATION IN HAWAII

Series	Unit	Period	1989	1988	Percent Change 1988-89
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1	na	1,218.8	.....
Total Resident Population	thous.	July 1	na	1,098.2	.....
OAHU:					
Total De Facto Population	thous.	July 1	na	902.6p	.....
Total Resident Population	thous.	July 1	na	838.5p	.....
MAUI COUNTY:					
Total De Facto Population	thous.	July 1	na	125.0p	.....
Total Resident Population	thous.	July 1	na	93.0p	.....
HAWAII:					
Total De Facto Population	thous.	July 1	na	126.3p	.....
Total Resident Population	thous.	July 1	na	117.5p	.....
KAUAI:					
Total De Facto Population	thous.	July 1	na	64.9p	.....
Total Resident Population	thous.	July 1	na	49.3p	.....
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1	na	1,041.4	.....
MILITARY PERSONNEL:					
STATE	number	July 1	56,370	64,053	−12.0
Ashore	number	July 1	53,263	60,621	−12.1
Afloat	number	July 1	3,107	3,432	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1	60,274	69,905	−13.8
FOREIGN IMMIGRATION[1]	number	annual total	5,382	4,651	15.7

[1]*Includes only those entering Honolulu ports and does not include status changes.* p = *preliminary.*

INCOME IN HAWAII

INCOME					
TOTAL PERSONAL INCOME**	mil. $	3rd qtr. ave.	20,033p	18,117	10.6
EMPLOYMENT INCOME[2]	mil. $	3rd qtr. ave.	15,381p	13,895	10.7
Manufacturing	mil. $	3rd qtr. ave.	628p	603	4.1
Construction & Mining	mil. $	3rd qtr. ave.	1,355p	1,006	34.7
Wholesale	mil. $	3rd qtr. ave.	611p	547	11.7
Retail	mil. $	3rd qtr. ave.	1,817p	1,638	10.9
Finance, Ins., & Real Estate	mil. $	3rd qtr. ave.	1,082p	990	9.3
Trans., Comm., & Util.	mil. $	3rd qtr. ave.	1,262p	1,185	6.5
Services	mil. $	3rd qtr. ave.	4,156p	3,706	12.1
Farm & Other	mil. $	3rd qtr. ave.	368p	351	4.8
Federal Civilian	mil. $	3rd qtr. ave.	1,096p	1,039	5.5
Federal Military	mil. $	3rd qtr. ave.	1,398p	1,355	3.2
State & Local	mil. $	3rd qtr. ave.	1,609p	1,475	9.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd qtr. ave.	3,056p	2,678	14.1
TRANSFER PAYMENTS (2,617) minus personal contributions for Social Insurance (1,020)	mil. $	3rd qtr. ave.	1,597p	1,544	3.4
PER CAPITA PERSONAL INCOME:					
STATE	dollars	annual total	na	16,753	.....
Oahu	dollars	annual total	na	na	.....
Maui County	dollars	annual total	na	na	.....
Hawaii	dollars	annual total	na	na	.....
Kauai	dollars	annual total	na	na	.....

**Total personal income and all components are seasonally adjusted at annual rates.*
[2]*Includes wage and salary disbursements, proprietors' income, and other labor income.*
p = *preliminary.* na = *not available.*

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the sugar price support program is up for review before Congress this year. The removal or severe cut in price supports will adversely affect the industry.

PINEAPPLE

In 1989, Hawaii's pineapple production decreased by 12 percent to 580,000 tons, the lowest level since 1985. Abnormal weather condition was the main reason for an off-year. Most of the decline was in canned products, which dropped by 16 percent to 444,000 tons. Fruit for the fresh market increased marginally to 136,000 tons. Total jobs decreased by 7 percent to 3,600 jobs.

Lower production and lower prices reduced pineapple's revenues. Fruit for the processed market returned $9 per ton less than a year ago, or down to $90 per ton in 1989. Fruit for the fresh market brought $8 per ton less, to $408 per ton. The industry's revenue decreased by 11 percent to $95 million.

Pineapple's outlook for 1990 is mixed. Total acreage for 1989 declined by 5 percent, to 32,700 acres, which will reduce production. The labor shortage was the main reason growers cut back their pineapple acreage.

DIVERSIFIED AGRICULTURE

Diversified agriculture had a solid year in 1989. Total sales rose by 4 percent to $319 million. The job count declined marginally to 8,100 jobs. This compares favorably with the 4 percent decrease reported for 1988.

Macadamia Nuts

Macadamia nut production rebounded in the 1988-89 crop year, to 46 million pounds. Price increased by six cents per pound to 90 cents per pound, resulting in a 14 percent increase in farm value to $41 million. Acreage in crop increased by 400 acres to 21,900 acres, and acreage bearing nuts increased by 1,000 acres to 16,600 acres.

The industry is expected to have a record year for the 1989-90 crop. Production is expected to increase by 12 percent to 51 million pounds. While prices are expected to drop marginally to 89 cents per pound, the increased production should result in an 11 percent gain in farm value to $45 million. Improved weather conditions and more harvested acreage are contributing to this increase. Nut bearing acreage for the 1989-90 crop increased by 10 percent to 18,200 acres.

Most of the production is on the Big Island. However, Wailuku Agribusiness has 1,400 acres of macadamia nuts on Maui, and McBryde Sugar Company on Kauai has 585 acres. McBryde harvested its first crop last year, yielding 40,000 pounds, wet-in-shell.

Coffee

Coffee production also rebounded for the 1988-89 crop year, increasing by 11 percent to two million pounds. Of the 2,600 acres planted in coffee, 2,150 acres were harvested. With a farm price of $3.30 per pound, total sales increased by 36 percent to $6.6 million.

Coffee production for the 1989-90 crop year is expected to rise by 10 percent to 2.2 million pounds, and will represent the third consecutive year of increased production. Improved weather is one of the reasons for the increased production in Kona this season. Acres harvested increased by 7 percent to 2,300 acres, and the yield increased by 11 percent to 1,000 pounds of coffee per acre. With a higher farm price of $4.05 per pound, total sales are forecasted to increase to $9 million.

Coffee produced in Hawaii can no longer be considered only a Kona product. McBryde Sugar Company plans to have 1,300 acres in coffee by the end of this year. McBryde's production will likely pass Kona's crop in a year or two, as its yield from mechanically harvested, drip irrigated fields is more than twice that of Kona's. In a joint-venture, McBryde will grow coffee that its partner Hills Brothers will market as a 100 percent Kauai product at a premium price. The product may be available on the market this year.

Flowers and Nursery Products

Flowers and nursery products had a successful year in 1988 (latest available data). Wholesale value increased by 9 percent to $60 million. Foliage again was the largest seller at $20 million, followed by cut flowers at $18 million. Orchid's wholesale value was a little over $7 million.

Anthurium producers are still affected by the blight that has seriously cut production. Outshipments in 1988 declined by 24 percent to 1.2 million dozens. However, higher prices led to a smaller 4 percent decline in receipts. Anthurium outshipments in 1989, were down by 24 percent. The blight was declared a disaster, making $3.5 million in federal funds available to aid growers. An additional $500,000 were made available for blight research.

Guava

Guava has proven to be a successful diversified crop. Production for 1988 again set a record with 19 million pounds delivered for processing, a 5 percent increase. This was the fourth consecutive year of record production. Farm price was higher, resulting in an 18 percent increase in sales to $2.5 million.

Guava was expected to have another bountiful year in 1989. The acreage in

EMPLOYMENT AND JOBS IN HAWAII

Series	Unit	Period	1989	1988	Percent Change 1988-89
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	monthly ave.	523.1p	516.0	1.4
Employment	thous.	monthly ave.	508.4p	500 0	1.7
Unemployment	thous.	monthly ave.	14.8p	16.0	−7.8
Unemployment Rate	percent	monthly ave.	2.8p	3.1	−8.9
OAHU:					
Civilian Labor Force	thous.	monthly ave.	385.7p	382.6	0.8
Employment	thous.	monthly ave.	376.0p	372.0	1.1
Unemployment	thous.	monthly ave.	9.8p	10.6	−8.0
Unemployment Rate	percent	monthly ave.	2.5p	2.8	−10.7
MAUI COUNTY:					
Civilian Labor Force	thous.	monthly ave.	53.0p	52.6	0.9
Employment	thous.	monthly ave.	51.4p	50.8	1.2
Unemployment	thous.	monthly ave.	1.6p	1.8	−8.6
Unemployment Rate	percent	monthly ave.	3.0p	3.3	−9.1
HAWAII:					
Civilian Labor Force	thous.	monthly ave.	57.4p	54.7	4.9
Employment	thous.	monthly ave.	54.9p	52.0	5.7
Unemployment	thous.	monthly ave.	2.6p	2.7	−5.6
Unemployment Rate	percent	monthly ave.	4.4p	4.9	−10.2
KAUAI:					
Civilian Labor Force	thous.	monthly ave.	27.0p	26.2	3.1
Employment	thous.	monthly ave.	26.1p	25.3	3.4
Unemployment	thous.	monthly ave.	0.9p	1.0	−5.3
Unemployment Rate	percent	monthly ave.	3.3p	3.7	−10.8
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	monthly ave.	540.1p	524.7	2.9
Oahu	thous.	monthly ave.	415.1p	404.3	2.7
Maui County	thous.	monthly ave.	48.4p	47.1	2.8
Hawaii	thous.	monthly ave.	51.0p	47.7	7.0
Kauai	thous.	monthly ave.	25.7p	24.5	4.9
SUGAR (Mill and Field)	thous.	monthly ave.	6.1p	6.7	−8.3
PINEAPPLE (Cannery and Field)	thous.	monthly ave.	3.6p	3.8	−6.6
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	monthly ave.	17.4p	17.3	0.9
Durable Goods	thous.	monthly ave.	4.3p	4.3	1.2
Non-Durable Goods	thous.	monthly ave.	13.1p	13.0	0.8
Apparel and Textiles	thous.	monthly ave.	2.6p	2.8	−7.3
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	monthly ave.	8.1p	8.2	−0.6
CONTRACT CONSTRUCTION	thous.	monthly ave.	27.1p	23.3	16.3
TRANSPORTATION	thous.	monthly ave.	30.0p	27.9	7.5
COMMUNICATION	thous.	monthly ave.	7.2p	7.5	−4.0
UTILITIES	thous.	monthly ave.	2.8p	2.7	3.8
RETAIL TRADE	thous.	monthly ave.	109.2p	107.3	1.8
WHOLESALE TRADE	thous.	monthly ave.	21.1p	20.6	2.4
FINANCE, INSURANCE AND REAL ESTATE	thous.	monthly ave.	35.7p	34.9	2.4
HOTEL SERVICES—STATE	thous.	monthly ave.	37.1p	34.5	7.5
Oahu	thous.	monthly ave.	18.4p	17.7	4.2
Maui County	thous.	monthly ave.	8.3p	8.2	1.8
Hawaii	thous.	monthly ave.	6.2p	4.7	31.9
Kauai	thous.	monthly ave.	4.2p	4.1	3.7
OTHER SERVICES	thous.	monthly ave.	101.4p	97.8	3.7
FEDERAL GOVERNMENT	thous.	monthly ave.	33.4p	33.4	−0.1
Civilian Agencies	thous.	monthly ave.	13.2p	13.3	−0.8
Defense Department	thous.	monthly ave.	20.2p	20.2	−0.2
STATE GOVERNMENT	thous.	monthly ave.	53.6p	51.9	3.3
COUNTY GOVERNMENT	thous.	monthly ave.	14.1p	13.9	1.4
NON-AGRICULTURE SELF-EMPLOYED	thous.	monthly ave.	32.6p	32.8	−0.6

p = preliminary.

PUBLIC ASSISTANCE IN HAWAII

Series	Unit	Period	1989	1988	Percent Change 1988-89
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg)	number	monthly ave.	5,107	6,720	−24.0
Intrastate Initial Claims	number	annual total	45,098	51,201	−11.9
Interstate Initial Claims	number	annual total	2,880	3,161	−8.9
Unemployment Insur. Benefits	thous. $	annual total	41,464	51,205	−19.0
INCOME MAINTENANCE:					
Recipients[1]	no. persons	monthly ave.	50,933	49,709	2.5
Payments	thous. $	annual total	117,499	104,055	12.9
MEDICAL ASSISTANCE:					
Recipients[1]	no. patients	monthly ave.	47,497	43,769	8.5
Payments	thous. $	annual total	196,525	173,797	13.1
FOOD STAMPS:					
Recipients[1]	no. persons	monthly ave.	79,697	80,309	−0.8
Payments	thous. $	annual total	75,458	75,723	−0.3
SERVICES:					
Recipients[1]	no. cases	quarterly ave.	6,836	7,251	−5.7
Payments	thous. $	annual total	30,163	21,190	42.3

[1]Count of recipients is duplicated. A person may be counted in each category.

BANKING AND FINANCE IN HAWAII

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	monthly ave.	10,542.4	9,516.0	10.8
Debits To Demand Deposits	mil. $	annual total	172,698.3	130,612.5	32.2
OAHU:					
Total Deposits	mil. $	monthly ave.	8,678.9	7,909.9	9.7
Debits To Demand Deposits	mil. $	annual total	156,732.4	117,646.9	33.2
MAUI:					
Total Deposits	mil. $	monthly ave.	769.0	649.3	18.4
Debits To Demand Deposits	mil. $	annual total	7,146.5	5,694.7	25.5
HAWAII:					
Total Deposits	mil. $	monthly ave.	735.5	639.8	14.9
Debits To Demand Deposits	mil. $	annual total	5,809.0	4,796.6	21.1
KAUAI:					
Total Deposits	mil. $	monthly ave.	356.5	317.0	12.4
Debits To Demand Deposits	mil. $	annual total	3,010.3	2,474.2	21.7
BANK LOANS OUTSTANDING STATE:[1]	mil. $	quarterly ave.	7,538.8	6,286.2	19.9
Real Estate	mil. $	quarterly ave.	3,526.6	2,873.6	22.7
Consumer	mil. $	quarterly ave.	1,238.7	1,144.7	8.2
Commerical & Industrial	mil. $	quarterly ave.	2,200.1	1,872.8	17.5
Other	mil. $	quarterly ave.	446.8	295.4	51.3
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	monthly ave.	9.8	9.1	7.4
SAVINGS & LOAN ASSOCIATIONS:[1]					
Total Deposits	mil. $	monthly ave.	na	4,130.8	.....
Total Loans	mil. $	monthly ave.	na	120.3	.....
Mortgage Loans	mil. $	monthly ave.	na	105.9	.....
TAX COLLECTIONS:[2]					
STATE	mil. $	annual total	2,440.0	2,128.6	14.6
Oahu	mil. $	annual total	2,112.1	1,832.0	15.3
Maui County	mil. $	annual total	147.9	128.0	15.5
Hawaii	mil. $	annual total	133.4	113.4	17.6
Kauai	mil. $	annual total	56.6	55.3	2.5

[1]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[2]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.
p = preliminary.

guava increased by 5 percent to 1,120 acres. However, the labor shortage has affected agricultural production in particular due to the need to harvest when the crop reaches maturity. One major grower brought in workers from Micronesia to supplement the workforce.

Papaya

Fresh papaya production increased by 12 percent to 64 million pounds in 1989. Total receipts rose by 18 percent to $12 million. This year will be a significant year for the industry. The double-dip hot-water treatment for killing fruit-fly larvae to make the fruit safe for export, officially loses its certification. The University of Hawaii and the U.S. Department of Agriculture developed a prototype dry-heat processing unit, which was shipped to Hilo for testing early this year. The results were encouraging.

Livestock

Livestock production revenues for 1988 was ahead marginally to $89 million. The industry was mixed for 1989. Beef and egg production made gains but milk and hogs were down.

Beef production increased by 9 percent to 35 million pounds. Hog production declined by 2 percent to 6.3 million pounds. Farm prices were better for these two livestock. Milk production declined by 4 percent to 154 million pounds, but its price increased by 2 percent to $20.85 per hundred pounds. Egg production increased marginally to 227 million eggs, and its price was up by 8 percent to 79.6 cents per dozen.

TRADE AND SERVICES

Due to the visitor industry's banner year, the trade and services sectors experienced a solid gain in 1989. Gross business receipts for retail, wholesale and services increased by 13 percent to $30 billion. Total income generated by wholesale, retail, finance, insurance, real estate and other services, increased by 11 percent.

Total trade and service jobs increased by 3 percent to 304,500 jobs. Retail and wholesale trade jobs both increased by 2 percent to 109,200 and 21,100 jobs, respectively. Finance, insurance and real estate jobs increased by 2 percent to 35,700 jobs. Hotel jobs increased by 8 percent to 37,100 jobs. Other service jobs increased by 4 percent to 101,400 jobs.

With the expected slower growth rate this year for tourism, the trade and service sectors may also advance at a slower pace. Notwithstanding, the outlook remains solid. Trade and services will be major generators of new jobs with the opening of new hotels on the Neighbor Islands and the continued labor shortage in the retail sector.

TRANSPORTATION, COMMUNICATION AND UTILITIES

Income generated in the transportation, communication and utilities sectors rose by 7 percent through the third quarter. However, employment growth was mixed. Transportation and public utility jobs increased by 8 and 4 percent, respectively, to 30,000 and 2,800 jobs. Communication jobs decreased by 4 percent to 7,100 jobs.

Electricity generated and purchased by the utilities increased by 4 percent to 8.5 million megawatts. Gas sales increased by 4 percent to 52 million therms. Telephone lines-in-service increased by 5 percent to 543,296 lines.

DIVERSIFIED MANUFACTURING

Sales of diversified manufacturing products increased by 8 percent to $658 million. Manufacturing income through the third quarter increased by 4 percent to $628 million.

Total industry employment rose to 17,400, reflecting a 1 percent increase. Employment was mixed for the individual sectors of the industry. Diversified manufacturing jobs for durable and nondurable goods both rose by 1 percent to 4,300 and 13,100 jobs, respectively. However, jobs in the apparel and textile sectors decreased by 7 percent to 2,500 jobs.

The outlook this year is expected to be bright overall. With the construction industry expecting to have a solid year, the demand for construction related products will be strong. However, job growth in the apparel and textile sectors may be soft. The competition for workers in today's labor market is intense. As with agriculture, employers in the apparel industry are having to compete against more attractive employment in the service sector.

GOVERNMENT

Job growth for government employees was mixed last year. The federal government had a marginal decrease in jobs, to 33,300 jobs. The state and county governments, however, created 3 and 2 percent more jobs, respectively, to 53,500 and 14,100 jobs. Through the third quarter 1989, the federal government's civilian income rose by 6 percent to $1.1 billion, and military income rose by 3 percent to $1.4 billion. State and local government incomes rose by 9 percent to $1.6 billion.

Employment growth this year for the federal sector is expected to be stagnant due to belt-tightening in dealing with the federal budget deficit. The federal government issued a hiring freeze in the latter part of last year. However, jobs at the state level are expected to grow given the state's budget surplus and the start of the A-Plus afternoon child care program.

The robust growth of the Hawaiian economy resulted in total state tax collection increasing by 15 percent to $2.4 billion last year.

SCIENCE AND HIGH TECHNOLOGY

The state's science and high technology industry continues to grow. Preparation is proceeding for a 1992 ground breaking of the rocket launching facility on Kau on the Big Island. A draft environmental impact statement is due this summer. Construction of the Keck Telescope on the Big Island's Mauna Kea has reached the stage where the lens installation has begun. It is expected to be the world's most powerful telescope.

High technology is gaining ground throughout the state. The Mililani Technology Park on Oahu is seeking rezoning so that commercial use can be mixed with high technology use, as is the case with mainland hi-tech parks. By diversifying the Park's use, compatible businesses could be attracted to make the Park successful. The Kaimuki Technology Enterprise Center experienced a 600 percent increase in revenues in 1989, to $2 million. On Maui, ground breaking was scheduled for the Kihei Research and Technology Park in the spring of 1990, on 60 of the Park's 330 acres. Construction of the park's buildings is expected to start 3 months later. On the Big Island, the planned merger of the Natural Energy Laboratory of Hawaii and HOST Park is still alive. The bill was reintroduced this year.

Geothermal energy development is continuing. The State and Hawaiian Electric Company announced an intent to develop 500 megawatts of electricity on the Big Island and transmit it by underwater cable to Oahu. Puna Geothermal Ventures has secured almost all necessary permits, and is hopeful that part of the 25 megawatts of energy can be delivered by fourth quarter 1990 with the remainder by first quarter 1991.

At the Natural Energy Laboratory of Hawaii, breakthrough occured with Ocean Thermal Energy Conversion (OTEC) power production. The experimental OTEC plant is able to produce net power and is expected to be on-line soon to power other NELH facilities.

CONCLUSION

Led by tourism, construction and real estate transactions, the Hawaiian economy experienced strong growth in 1989. A major characteristic of these leading industries was the influence of foreign spending and investment. The defense industry experienced moderate real growth, and overall, agriculture had a solid year. These patterns are expected to continue for 1990.

In spite of the forecasted slower growth of the national economy, the Hawaiian economy is expected to have another solid year. The First Hawaiian Bank Index of Leading Economic Indicators is a summary measure of economic activity designed to signal directional changes in the economy, six to eight months in advance. The Index registered a 0.4 percent decline for the month of January, following two consecutive monthly increases. Given that three consecutive directional movements of the index usually signal a directional trend in the economy, the Index is suggesting no positive trend.

The Research Department is forecasting that real gross state product will increase by 4 percent for 1990. This is a slower growth rate than the estimated 6 percent rate of last year, but is well above the growth level for the national economy. Real total personal income is expected to grow by 3 percent this year. The Hawaiian economy in 1990 is expected to expand at a solid, but slower level than in 1989.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank | May/June 1990

The Outlook for the Yen

Some areas of the United States are more exposed to exchange rate changes than others, but few more so than Hawaii, with its visitor industry and volume of foreign investment. Attention has been focused on this again by the yen's eighteen-month decline. After a period of strength beginning in 1985, which took it to 120 yen/dollar at times, the Japanese currency approached 160 yen/dollar recently—losing 30 percent of its value. During May, the yen retraced its steps somewhat.

Floating exchange rates have been a problem for many since their beginning almost twenty years ago. Businesses, financial institutions, foreign investors, tourists and others have had difficulty making decisions in this environment. It has also been quite hard for forecasters to predict exchange rates, and government policymakers have not been very adept at managing them. Exchange rates have been hard to forecast because they have almost always been more variable than the logical economic fundamentals that might explain them. Rates fluctuate randomly, immediately reflecting all publicly available information. This information often includes non-economic developments such as political events and policy conflicts within or among nations.

With all the public attention devoted to discussions by government finance ministers and central bankers on exchange rates, some might assume they only have to announce an appropriate level. Even if they could agree, their ability to control rates is limited. To influence rates, monetary authorities intervene directly in exchange markets with their foreign currency reserves. Such intervention, however, is often "sterilized," meaning that its impact is neutralized by offsetting domestic open market operations, and that overall monetary policy is not affected. Only intervention that changes monetary policy tends to be effective in influencing rates. In any case, such intervention is usually small relative to private transactions through the market. Perhaps $10 or $20 billion in intervention per week seems large, but total transactions in this global market may exceed $500 billion per day.

Truly coordinated economic policies among nations could be effective in managing exchange rates. However, the record has been poor. When there is a conflict between domestic and international goals, usually domestic concerns dominate.

This state of affairs instills little confidence in either government policymakers or the private market to deliver stable exchange rates. Often, future exchange rates are simply ignored in long-range decisions—risky when we consider major swings in rates can last for years, but understandable when we do not know the direction or magnitude of the swings. If exchange rates were at least stable, we could live with a decision even if the rate were not as favorable as hoped. What is the outlook for longer range exchange rate stability as we enter a new decade?

The world political environment may offer more stability than at the beginning of the 1980s, but the international monetary system itself offers no greater reassurance. We still lack any single anchor in the world monetary system, such as the role played by gold in the pre-1914 era and by a gold-linked U.S. dollar in the post World War II period through 1971. Instead, today we have a multiple currency system. The dollar still occupies center stage, but its global role has diminished since the early 1970s. The German mark, and to an extent the Japanese yen, have risen in importance to match the dollar's decline. The coexistence of integrated world capital markets and several major currencies leads to possible flight from one currency to another by asset holders regardless of nationality.

The potential is now greater for large shifts among these more equal forms of "world money." German reunification and Central European growth can enhance the mark's role. The composite European Currency Unit may even become the single currency of Europe. While the yen is still some distance from a true international currency, its role is likely to grow also. The existing system has proved viable in the sense that we have survived it, but is less than optimal for those who long for some single world monetary standard. Any such anchor is less likely than ever to depend on the economic and political strength of a single country.

Barring an unlikely overhaul in the world monetary system, or a break with the past that makes policy coordination more achievable, currency swings that extend over several years will not be unusual. Periods of foreign currency strength will be offset by periods of weakness.

In the near term, the market's recent reluctance to break the 160 yen/dollar barrier is a sign of some stability for the yen. While it is unlikely that extreme further dollar strengthening will occur, there is little chance that the yen will fall back to levels of a couple of years ago. The memory of financial market weakness and policy conflict in Japan may not be erased completely.

While the 160 level has recently served as a ceiling to the rate, a floor for the near future in the 140 range seems plausible. Regardless of how long the weaker yen is with us, exchange rate swings simply mean an element of uncertainty that, if it cannot be eliminated, must be recognized by adequate risk evaluation.

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MAY/JUNE FEATURE STORY: THE EWA MASTER PLANNED COMMUNITY

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CURRENT BUSINESS TRENDS

The Hawaiian economy continued to grow during the first quarter. Gross business receipts, an overall measure of economic activity, rose by 10 percent to $10 billion. Maui County reported the highest increase of 18 percent to $632 million, followed by the Big Island and Kauai which showed increases of 16 and 15 percent, respectively. Business receipts for Oahu grew by 9 percent.

The unemployment rate rose moderately for March. Approximately 518,950 people out of a civilian labor force of 534,950 people were employed, leaving an unemployment rate of 3.0 percent compared to 2.7 percent a year ago. Unemployment was down for all counties except Oahu which posted a 2.8 percent unemployment rate, 0.5 percentage points higher than a year ago. The unemployment rates for the Big Island and Kauai declined from 4.7 percent each in March 1989 to 4.2 and 4.1 percent, respectively. Maui County had the lowest unemployment rate of 2.6 percent, down from 2.9 percent last March.

The overall job count grew by 8 percent to 575,100 jobs statewide. Maui County lead the growth with a 9-percent increase to 52,150 jobs. The job count for both Oahu and Kauai increased by 7.5 percent, to 442,400 and 27,150 jobs, respectively. The Big Island job count rose by 7 percent to 53,400 jobs.

The visitor industry is experiencing a slow start. The overall visitor count was ahead by 1 percent through the first quarter 1990; the industry was expanding at a 13-percent rate through the first quarter 1989. The slower growth was attributed to the westbound market. Its visitor count was down by 3 percent through March, to 1,166,010 visitors. However, the eastbound count was ahead by 10 percent to 533,020 visitors.

Statewide, hotel occupancy dropped to 84 percent in the first quarter, com-

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	1st Qtr.	5,441p	1.9	6.4
In 1982 Dollars	bil. $	1st Qtr.	4,196p	0.5	2.2
PERSONAL INCOME**	bil. $	Mar.	4,670p	0.8	7.1
INTEREST RATES					
AVERAGE PRIME RATE	percent	Mar.	10.00	0.0	−13.0
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Mar.	432.5p	−1.4	3.8
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	Jan.	130.3	1.2[1]	3.7
Apts., Hotels, Office Bldgs.	1982 = 100	Jan.	126.5	0.8[1]	2.1
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Mar.	124,829	6.8	9.4
UNEMPLOYMENT*	thous.	Mar.	6,495	−1.5	1.2
UNEMPLOYMENT RATE*	percent	Mar.	5.1	−1.9	2.0
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	Mar.	127.1	0.6	5.2
All Urban Consumers	1982-84 = 100	Mar.	128.7	0.5	5.2
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	Mar.	117.4p	−0.2	4.4
All Commodities	1982 = 100	Feb.	114.0p	−0.8	2.9

p = preliminary. **Seasonally adjusted.*
[1]Compared to November, 1989. ***Seasonally adjusted at annual rates.*

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Mar.	10,271.8	.....	10.3
Oahu	mil. $	Jan.-Mar.	8,774.9	.....	9.3
Maui County	mil. $	Jan.-Mar.	631.6	.....	17.6
Hawaii	mil. $	Jan.-Mar.	637.5	.....	16.2
Kauai	mil. $	Jan.-Mar.	227.9	.....	15.3
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Mar.	172.8	.....	−5.6
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Mar.	93.6	.....	4.6
RETAILING	mil. $	Jan.-Mar.	3,485.3	.....	8.5
WHOLESALING	mil. $	Jan.-Mar.	2,657.4	.....	8.9
SERVICES	mil. $	Jan.-Mar.	2,443.4	.....	11.2
OAHU NEW CAR SALES	number	Jan.-Mar.	9,979p	.....	−8.4
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	2nd half 1989	132.0	3.6[1]	6.0
All Urban Consumers	1982-84 = 100	2nd half 1989	131.1	3.7[1]	6.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1989	10,907p	.....	18.6
OVERNIGHT OR LONGER VISITORS	number	Mar.	582,040p	7.2	−2.5
	number	Jan.-Mar.	1,699,030p	.....	0.9
Westbound	number	Mar.	408,620p	8.0	−6.2
	number	Jan.-Mar.	1,166,010p	.....	−2.7
Eastbound	number	Mar.	173,420p	5.4	7.3
	number	Jan.-Mar.	533,020p	.....	9.9
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Feb.	136,720p	.....	−2.7
AVERAGE LENGTH OF STAY	no. of days	Jan.	11.1p	.....	0.0
MEETING ATTENDANCE	number	Mar.	n.a.	.....	.....
ORGANIZED GROUP TOURS	number	Jan.-Mar.	177,430p	.....	−7.1
COUNTY WESTBOUND VISITORS					
Oahu	number	Mar.	263,800p	7.1	−6.9
	number	Jan.-Mar.	755,370p	.....	−5.1
Maui County	number	Mar.	172,910p	7.3	−14.9
	number	Jan.-Mar.	484,610p	.....	−11.3
Hawaii	number	Mar.	83,500p	−3.5	1.5
	number	Jan.-Mar.	254,640p	.....	8.0
Kauai	number	Mar.	91,560p	5.2	−9.4
	number	Jan.-Mar.	254,780p	.....	−10.6

p = preliminary. *[1]Compared to 1st Half 1989.*

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY:					
STATE	percent	Mar.	82.4p	−7.2	−2.8
		Jan.-Mar.	83.8p	.....	−1.8
Oahu	percent	Mar.	88.7p	−6.9	−2.6
		Jan.-Mar.	91.1p	.....	−1.9
Maui (Island)	percent	Mar.	78.0p	−4.4	−2.4
		Jan.-Mar.	75.4p	.....	−2.8
Hawaii	percent	Mar.	64.5p	−16.1	−5.8
		Jan.-Mar.	70.3p	.....	5.9
Kauai	percent	Mar.	71.0p	−7.1	−5.7
		Jan.-Mar.	68.3p	.....	−9.3
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,604.5	.....	6.8
Military Payroll	mil. $	Yr. to 3rd Qtr.	724.9	.....	7.4
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	514.7	.....	5.1
Local Purchases	mil. $	Yr. to 3rd Qtr.	364.9	.....	8.1
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1989	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.-Mar.	77.9	.....	−9.7
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Mar.	464.2	.....	5.4
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	mil. $	1989	95.4	.....	−11.1
FRESH	thous. lbs.	Jan.-Mar.	65,957	.....	−4.0
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	168,167	.....	10.4
FLOWERS & NURSERY PRODUCTS	thous. $	1988	59,646	.....	9.0
Anthurium Outshipments[2]	th. dozens	Jan.-Feb.	104.5	.....	−27.9
Potted Foliage Plants	thous. $	1988	12,424	.....	−6.8
FRUITS & NUTS	thous. $	1988	61,427	.....	15.2
Papaya Sales	th. lbs.	Jan.-Mar.	14,440	.....	7.6
Average Farm Price	cents/lb.	Mar.	27.0	12.5	−3.2
Macadamia Nut Sales (in shell)	th. lbs.	1989	51,000e	.....	12.1
Average Farm Price	cents/lb.	1989	89.0	.....	−1.1
VEGETABLES AND MELONS[3]	th. lbs.	Jan.-Mar.	12,103p	.....	5.6
LIVESTOCK	thous. $	1988	88,620	.....	1.0
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Mar.	7,851	.....	−8.0
Average Farm Price (Feedlot Beef)	cents/lb.	Mar.	95.0	0.0	−1.6
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Mar.	1,461	.....	−1.5
Average Farm Price	cents/lb.	Mar.	104.0p	−0.5	−1.9
MILK PRODUCTION	mil. lbs.	Jan.-Mar.	38.8	.....	−1.0
Average Price Sold to Plants	$/100 lbs.	Mar.	20.67	0.0	−0.8
EGG PRODUCTION	mil.	Jan.-Mar.	56.5	.....	4.4
Average Farm Price	cents/doz.	Mar.	85.0	0.0	11.1
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Mar.	2,083.1	.....	2.6
GAS SALES	th. therms	Jan.-Mar.	14,106	.....	9.5
TELEPHONE LINES IN SERVICE	thous.	Jan.-Mar.	561.0	.....	4.8

p = preliminary.
e = estimated.
[2]From Hawaii County.
[3]Includes snap beans, cabbage, celery, sweet corn, cucumber, onions, green peppers, tomatoes, and watermelons.

pared to 85 percent a year ago. Oahu had the highest occupancy rate of 91 percent. Maui, the Big Island and Kauai reported occupancy rates of 75, 70 and 68 percent, respectively.

The state's two largest agricultural crops experienced declines in production for the first quarter. Sugar production was down by 10 percent to 77,900 tons. The average New York price per ton of sugar was $464.20, 5 percent higher than last year. Fresh pineapple shipments declined by 4 percent to 65,957 million pounds.

Diversified agricultural production was mixed. Anthurium outshipments through February decreased by 28 percent to 105,000 dozens. However, increases were reported in other crops. Papaya sales increased by 8 percent and vegetable and melon production grew by 6 percent in the first quarter.

The construction industry got off to a strong start through the first quarter. Construction put-in-place rose by 26 percent to $868 million. The Big Island experienced the highest growth in construction activity, with a 60 percent increase, while Oahu had the smallest growth of 23 percent.

First quarter private permits authorized increased by 26 percent for residential permits to $284 million, but decreased by 33 percent for non-residential permits to $128 million. Kauai's residential and non-residential permits increased by 111 and 16 percent, respectively. Maui County's residential and non-residential permits rose by 31 and 2 percent, respectively. On the Big Island, residential permits authorized increased by 70 percent, while non-residential permits decreased by 67 percent. Oahu's residential and non-residential permits declined by 9 and 28 percent, respectively.

Public contracts awarded were down by 26 percent to $136 million statewide. Kauai and Maui Counties experienced increases of 723 and 81 percent, respectively, totaling $46 million. Public contracts awarded on Oahu and the Big Island decreased by 55 and 46 percent, respectively, totaling $90 million.

The residential real estate industry continued to grow through March. Statewide, 1,054 single-family homes and 1,968 condominium units were sold, representing increases of 18 and 19 percent, respectively. The average prices of a single-family home and condominium unit increased by 38 and 29 percent, respectively, to $389,723 and $205,056. Housing resales were up for all counties, except Maui County, which reported a 6-percent decline in sales of single-family homes.

THE EWA MASTER PLANNED COMMUNITY

Oahu's "Second City" began as part of the City's General Plan in 1977. It now evidences signs of becoming a fully operational city within the next 10 to 20 years. The Kapolei Master Planned Community will integrate commercial, residential, industrial, resort, recreational and agricultural elements within 32,000 acres of land, or 8 percent of Oahu. It is estimated that by the year 2010, 119,000 to 150,000 people will reside in the Kapolei community.

The urban center of Kapolei will be the 935-acre City of Kapolei to be developed on land presently owned by Campbell Estate. The commercial center will add an estimated 3 million square feet of office space to Oahu. In contrast, downtown Honolulu has 5 million square feet of office space on 165 acres.

Rezoning for the first 93 acres of the City of Kapolei was approved in April 1990. Ground breaking for Phase I of the Kapolei Shopping Center will take place this fall, with a tentative opening in summer 1992. Phase I will provide 140,000 square feet of retail space, and Phase II will add another 100,000 square feet. The City of Kapolei will also feature 2,000 to 3,000 low-density apartment units, a library, schools and the 73-acre Kapolei Regional Park.

Ground breaking for the James Campbell Office Block is scheduled for later this year. Upon completion in 1992, Campbell Estate will move its headquarters from downtown Honolulu into a portion of the complex. A total of 120,000 square feet of office and retail space will be available.

Several businesses have expressed interest in moving all or parts of existing operations to Kapolei. In addition, Campbell Estate has offered the state and city up to 40 acres each of free land for government buildings and 100 acres for a branch of the University of Hawaii.

In January 1989, the St. Francis Medical Plaza-West, with 19,527 square feet of medical office space, became one of the first establishments to open at Kapolei. The opening of a 5-story, 136-bed hospital facility followed in March 1990. Ground breaking for a day care center and additional medical office space is scheduled for late 1990.

Adjacent to the City of Kapolei, the Kapolei Business and Industrial Park will be developed for light industrial and maritime use. The 800-acre park will link Kapolei to the existing facilities of Barbers Point Harbor and Campbell Industrial Park, both subzones of Foreign Trade Zone No. 9.

An improved Barbers Point Harbor will accommodate a 38-foot deep, 92-

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE						
STATE:		thous. $	Jan.-Mar.	868,159	.....	26.3
Oahu		thous. $	Jan.-Mar.	728,186	.....	22.9
Maui County		thous. $	Jan.-Mar.	59,203	.....	42.6
Hawaii		thous. $	Jan.-Mar.	61,826	.....	59.6
Kauai		thous. $	Jan.-Mar.	18,944	.....	32.8
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1982 = 100	Mar.	140.2	−0.2	1.9
HIGH-RISE		1982 = 100	Mar.	135.1	−0.4	1.7
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	Jan.-Mar.	284,272p	.....	25.8
	Single Family Units	number	Jan.-Mar.	1,704p	.....	20.7
	Multiple Family Units	number	Jan.-Mar.	543p	.....	46.4
	NONRESIDENTIAL	thous. $	Jan.-Mar.	128,180p	.....	−32.9
OAHU:	RESIDENTIAL	thous. $	Jan.-Mar.	107,223	.....	−9.4
	Single Family Units	number	Jan.-Mar.	535	.....	0.4
	Multiple Family Units	number	Jan.-Mar.	127	.....	−47.1
	NONRESIDENTIAL	thous. $	Jan.-Mar.	76,963	.....	−27.7
MAUI CO.:	RESIDENTIAL	thous. $	Jan.-Mar.	46,967p	.....	30.8
	Single Family Units	number	Jan.-Mar.	344p	.....	22.4
	Multiple Family Units	number	Jan.-Mar.	8p	.....	33.3
	NONRESIDENTIAL	thous. $	Jan.-Mar.	18,169p	.....	1.9
HAWAII:	RESIDENTIAL	thous. $	Jan.-Mar.	86,297	.....	69.7
	Single Family Units	number	Jan.-Mar.	514	.....	11.0
	Multiple Family Units	number	Jan.-Mar.	400	.....	273.8
	NONRESIDENTIAL	thous. $	Jan.-Mar.	17,479	.....	−67.2
KAUAI:	RESIDENTIAL	thous. $	Jan.-Mar.	43,785	.....	110.6
	Single Family Units	number	Jan.-Mar.	311	.....	130.4
	Multiple Family Units	number	Jan.-Mar.	8	.....	−33.3
	NONRESIDENTIAL	thous. $	Jan.-Mar.	15,570	.....	16.4
PUBLIC CONTRACTS AWARDED						
STATE		thous. $	Jan.-Mar.	135,875	.....	−25.6
Oahu		thous. $	Jan.-Mar.	88,266	.....	−45.7
Maui County		thous. $	Jan.-Mar.	23,251	.....	81.0
Hawaii		thous. $	Jan.-Mar.	2,008	.....	−55.3
Kauai		thous. $	Jan.-Mar.	22,347	.....	722.8
BY LEVEL OF GOVERNMENT:						
Federal		thous. $	Jan.-Mar.	21,437	.....	−14.6
State		thous. $	Jan.-Mar.	62,754	.....	−17.4
County		thous. $	Jan.-Mar.	51,683	.....	−36.7
REAL ESTATE RESALES						
STATE:	Single Family	number	Jan.-Mar.	1,054	.....	18.0
	Average Price	dollars	Jan.-Mar.	389,723	.....	37.8
	Condominium	number	Jan.-Mar.	1,968	.....	18.9
	Average Price	dollars	Jan.-Mar.	205,056	.....	28.7
OAHU:	Single Family	number	Jan.-Mar.	624	.....	21.6
	Average Price	dollars	Jan.-Mar.	472,317	.....	40.8
	Condominium	number	Jan.-Mar.	1,439	.....	18.1
	Average Price	dollars	Jan.-Mar.	200,518	.....	35.1
MAUI CO.:	Single Family	number	Jan.-Mar.	116	.....	−5.7
	Average Price	dollars	Jan.-Mar.	384,184	.....	57.0
	Condominium	number	Jan.-Mar.	312	.....	8.3
	Average Price	dollars	Jan.-Mar.	254,722	.....	27.0
HAWAII:	Single Family	number	Jan.-Mar.	248	.....	26.5
	Average Price	dollars	Jan.-Mar.	193,106	.....	7.3
	Condominium	number	Jan.-Mar.	147	.....	79.3
	Average Price	dollars	Jan.-Mar.	158,551	.....	−11.5
KAUAI:	Single Family	number	Jan.-Mar.	66	.....	8.2
	Average Price	dollars	Jan.-Mar.	357,374	.....	43.9
	Condominium	number	Jan.-Mar.	70	.....	4.5
	Average Price	dollars	Jan.-Mar.	174,635	.....	12.1

p = preliminary.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1988	1,218.8p	.....	1.5
Total Resident Population	thous.	July 1, 1989	1,112.1p	.....	1.5
OAHU:					
Total De Facto Population	thous.	July 1, 1988	902.6p	.....	1.2
Total Resident Population	thous.	July 1, 1989	841.6p	.....	0.4
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1988	125.0p	.....	1.8
Total Resident Population	thous.	July 1, 1989	97.2p	.....	4.5
HAWAII:					
Total De Facto Population	thous.	July 1, 1988	126.3p	.....	2.4
Total Resident Population	thous.	July 1, 1989	122.3p	.....	4.1
KAUAI:					
Total De Facto Population	thous.	July 1, 1988	64.9p	.....	3.3
Total Resident Population	thous.	July 1, 1989	51.0p	.....	3.4
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1988	1,041.4p	.....	1.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION[1]	number	Jan.-Mar.	1,451	.....	27.3

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	4th Qtr.	21,130p	2.2	10.8
EMPLOYMENT INCOME[1]	mil. $	4th Qtr.	16,326p	2.2	11.4
Manufacturing	mil. $	4th Qtr.	639p	3.2	6.7
Construction & Mining	mil. $	4th Qtr.	1,447p	1.7	28.7
Wholesale	mil. $	4th Qtr.	639p	3.2	10.9
Retail	mil. $	4th Qtr.	1,899p	1.4	10.8
Finance, Ins., & Real Estate	mil. $	4th Qtr.	1,167p	4.4	8.4
Trans., Comm., & Util.	mil. $	4th Qtr.	1,400p	1.7	13.1
Services	mil. $	4th Qtr.	4,480p	2.4	12.4
Farm & Other	mil. $	4th Qtr.	355p	4.4	−0.8
Federal Civilian	mil. $	4th Qtr.	1,121p	0.3	5.8
Federal Military	mil. $	4th Qtr.	1,384p	−0.6	2.9
State & Local	mil. $	4th Qtr.	1,754p	2.8	11.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	4th Qtr.	3,198p	2.4	11.8
TRANSFER PAYMENTS ($2,705 minus personal contributions for social insurance $1,099)	mil. $	4th Qtr.	1,606p	1.7	3.0
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1988	16,753p	.....	7.6
Oahu	dollars	1987	16,412p	.....	7.0
Maui County	dollars	1987	14,352p	.....	5.8
Hawaii	dollars	1987	12,455p	.....	6.3
Kauai	dollars	1987	13,085p	.....	6.0

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

WAIIAN BANK

acre basin deep draft harbor for container and bulk shipping, and will provide a cost effective alternative to land shipping. The first increment, scheduled to open in May 1990, consists of a 1,600-foot pier and a 30-acre cargo holding area.

West of the City of Kapolei, the Ko Olina Resort is taking shape. Infrastructure such as roads, sewage, water and utility lines have been installed for the first 642-acre phase. Developers Horita Corp. and TSA International have also completed four man-made lagoons, a 450-slip marina, an 18-hole golf course and a 1.5-mile long coastal walkway.

Ground breaking for two of the seven planned luxury beachfront hotels was to take place this May. A third hotel is expected to break ground later this year. Opening dates are scheduled for early 1992. The remaining hotels are scheduled to open between 1992 and 1997.

Approximately 3,700 condominium units and 1,500 apartment and townhouse units will be part of the resort. Construction has already begun on the 331-unit Royal Ko Olina luxury condominium, with completion set for mid-1992. Phase I also features a 16.3-acre waterfront shopping center, a Hawaiian cultural center, a 20-court tennis complex, numerous parks and a revived Oahu Railway line.

Phase I will be slightly larger than the 618 acres that Waikiki covers, but will have one-fifth the density. It will feature 4,000 hotel rooms and 5,200 residential units, whereas Waikiki contains about 32,600 visitor units and 14,500 residential units. The 372-acre Phase II will include an additional 3,500 residential units, an 18-hole golf course and commercial and retail space.

The Kapolei area will have 38,571 to 50,524 housing units. As of May 1990, 11,174 units were completed. Seven major housing projects will offer single- and multi-family homes, rental units, luxury condominiums, special needs units and housing for the elderly.

The first new housing development to open in Kapolei was the 49-acre Soda Creek in Ewa by Gentry. All 398 single-family homes in Soda Creek were occupied by the end of 1988. Phase I of Ewa by Gentry, which includes Soda Creek, will have about 2,000 units built through 1991. Approximately 800 units have already been completed, including 352 and 72 townhouse units at Palm Villas and Palm Court, respectively. Houses are being built at a rate of 30 to 35 units per month.

In total, Gentry Development Co. plans to build 7,150 housing units within 1,061 acres. Ten percent of the overall project will be developed as

affordable rental units, while the remaining homes will be evenly divided between single and multi-family homes. The entire project is scheduled to be completed by 1997.

East of the City of Kapolei, the 5,000-unit Villages of Kapolei is being undertaken by the State Housing and Finance Development Corporation. Oceanic Properties, Inc. is developing the 519-unit Kumu Iki, the first of eight contiguous villages. Construction began in May 1989 and is progressing at a rate of about 40 units per month. Delivery of the first homes is expected by mid-1990.

Villages 2 and 3 will be developed by Watt Industries and will consist of 306 and 312 homes, respectively. Construction is scheduled to begin in mid-1990, with model units expected to be ready by September 1990. The state will begin accepting bids for the development of Villages 4, 5 and 6 in late 1990. An 18-hole golf course, presently under construction, along with schools, parks, churches and a community center, will be integrated into the subdivision.

Adjacent to the Villages of Kapolei, Lusk Hawaii plans to develop Kapolei Knolls, a 433-home subdivision. Ground breaking is scheduled for the end of 1991, with delivery of homes anticipated for 1992.

Currently underway is the City and County's West Loch Estates, a 520-acre, 1,500-unit housing development west of Pearl Harbor. Construction on 593 single- and multi-family homes in Phase I began in 1988. Homes have been delivered at a rate of about 40 units per month since August 1989.

Phase II will consist of 1,007 residential units comprised of 590 single-family homes, 264 multi-family units, 150 rental units for the elderly and 3 special needs single-family units. Model homes will be ready by September 1990, and delivery of homes is expected to begin in the second half of 1991.

The City and County is also planning West Loch Bluffs consisting of 1,015 single-family homes and 672 multi-family units on a 260-acre site adjacent to West Loch Estates. Some opposition to the project does exist. The land proposed for the project is leased by Oahu Sugar Co. which claims that this parcel is required for the survival of its 8,000-acre plantation.

Makakilo Heights, by partners Finance Realty Co. Ltd. and Aina Lani Associates, will add 2,600 housing units in 7 separate phases to the 3,000 existing homes on an adjacent Makakilo hilltop. The two ridges were connected in October 1989 with the completion of the Ipukalehua Bridge. Construction on West Cliffs, the development's first

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Mar.	535.0p	1.1	4.1
Employment	thous.	Mar.	519.0p	1.3	4.6
Unemployment	thous.	Mar.	16.0p	−3.9	−9.1
Unemployment Rate	percent	Mar.	3.0p	−3.2	11.1
OAHU:					
Civilian Labor Force	thous.	Mar.	395.2p	1.5	4.2
Employment	thous.	Mar.	384.1p	1.6	4.4
Unemployment	thous.	Mar.	11.1p	−0.9	−2.2
Unemployment Rate	percent	Mar.	2.8p	−3.4	21.7
MAUI COUNTY:					
Civilian Labor Force	thous.	Mar.	54.6p	0.2	4.8
Employment	thous.	Mar.	53.2p	1.6	6.0
Unemployment	thous.	Mar.	1.4p	−9.7	−28.2
Unemployment Rate	percent	Mar.	2.6p	−10.3	−10.3
HAWAII:					
Civilian Labor Force	thous.	Mar.	57.6p	0.2	2.3
Employment	thous.	Mar.	55.2p	0.5	4.2
Unemployment	thous.	Mar.	2.4p	−9.4	−28.4
Unemployment Rate	percent	Mar.	4.2p	−8.7	−10.6
KAUAI:					
Civilian Labor Force	thous.	Mar.	27.6p	−0.9	4.9
Employment	thous.	Mar.	26.5p	−0.4	4.7
Unemployment	thous.	Mar.	1.1p	−15.4	15.8
Unemployment Rate	percent	Mar.	4.1p	−10.9	−12.8
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Mar.	575.1p	2.1	7.6
Oahu	thous.	Mar.	442.4p	2.4	7.5
Maui County	thous.	Mar.	52.2p	1.3	9.1
Hawaii	thous.	Mar.	53.4p	1.4	7.2
Kauai	thous.	Mar.	27.2p	0.4	7.5
SUGAR (Mill and Field)	thous.	Mar.	5.6p	−0.9	−9.7
PINEAPPLE (Cannery and Field)	thous.	Mar.	3.2p	0.0	0.0
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	Mar.	16.7p	0.0	−4.0
Durable Goods	thous.	Mar.	4.1p	1.2	−2.4
Non-Durable Goods	thous.	Mar.	12.6p	−0.4	−4.2
Apparel and Textiles	thous.	Mar.	2.4p	−2.1	−9.6
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	Mar.	7.1p	−2.1	−3.4
CONTRACT CONSTRUCTION	thous.	Mar.	29.8p	−1.3	16.4
TRANSPORTATION	thous.	Mar.	31.6p	0.3	7.1
COMMUNICATION	thous.	Mar.	7.4p	0.0	4.2
UTILITIES	thous.	Mar.	2.8p	0.0	3.7
RETAIL TRADE	thous.	Mar.	112.6p	0.4	4.1
WHOLESALE TRADE	thous.	Mar.	22.6p	0.4	8.1
FINANCE, INSURANCE AND REAL ESTATE	thous.	Mar.	35.7p	0.1	0.6
HOTEL SERVICES—STATE	thous.	Mar.	36.0p	−5.9	−3.0
Oahu	thous.	Mar.	17.7p	−9.7	−3.3
Maui County	thous.	Mar.	8.6p	0.6	2.4
Hawaii	thous.	Mar.	6.0p	−2.4	−2.4
Kauai	thous.	Mar.	3.8p	−5.1	−12.8
OTHER SERVICES	thous.	Mar.	111.9p	0.4	12.4
FEDERAL GOVERNMENT	thous.	Mar.	33.2p	−0.2	−0.3
Civilian Agencies	thous.	Mar.	13.7p	0.4	4.6
Defense Department	thous.	Mar.	19.6p	−0.3	−3.2
STATE GOVERNMENT	thous.	Mar.	60.0p	4.9	6.7
COUNTY GOVERNMENT	thous.	Mar.	14.0p	0.4	1.8
NON-AGRICULTURE SELF-EMPLOYED	thous.	Mar.	37.7p	9.0	20.7

p = *preliminary.*

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg) ..	number	Mar.	7,397	34.5	34.1
Intrastate Initial Claims	number	Jan.-Mar.	19,598	.....	51.6
Interstate Initial Claims	number	Jan.-Mar.	819	.....	18.4
Unemployment Insur. Benefits	thous. $	Jan.-Mar.	12,472	.....	13.0
INCOME MAINTENANCE:					
Recipients[1]	no. persons	Mar.	52,662	0.7	4.0
Payments	thous. $	Jan.-Mar.	31,526	.....	15.2
MEDICAL ASSISTANCE:					
Recipients[1]	no. patients	Mar.	50,493	−1.4	0.5
Payments	thous. $	Jan.-Mar.	53,963	.....	18.5
FOOD STAMPS:					
Recipients[1]	no. persons	Feb.	78,704	−1.5	−0.5
Payments	thous. $	Jan.-Feb.	13,492	.....	9.3
SERVICES:					
Recipients[1]	no. cases	1st Qtr.	6,052	−14.4	−8.0
Payments	thous. $	1st Qtr.	10,196	.....	60.6

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	Mar.	12,024.3	3.1	18.4
Debits To Demand Deposits	mil. $	Mar.	17,602.3	.....	13.5
OAHU:					
Total Deposits	mil. $	Mar.	9,905.4	3.2	19.1
Debits To Demand Deposits	mil. $	Mar.	16,071.1	.....	13.7
MAUI:					
Total Deposits	mil. $	Mar.	885.9	2.0	15.2
Debits To Demand Deposits	mil. $	Mar.	676.6	.....	9.2
HAWAII:					
Total Deposits	mil. $	Mar.	830.3	2.2	15.9
Debits To Demand Deposits	mil. $	Mar.	579.4	.....	16.1
KAUAI:					
Total Deposits	mil. $	Mar.	402.7	2.6	15.0
Debits To Demand Deposits	mil. $	Mar.	275.3	.....	8.1
BANK LOANS OUTSTANDING STATE:	mil. $	4th Qtr.	8,126.0	5.9	17.4
Real Estate	mil. $	4th Qtr.	3,735.1	4.2	16.4
Consumer	mil. $	4th Qtr.	1,296.7	3.7	7.9
Commerical & Industrial	mil. $	4th Qtr.	2,419.6	8.0	18.3
Other	mil. $	4th Qtr.	509.0	3.6	56.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Mar.	9.9	3.1	1.0
SAVINGS & LOAN ASSOCIATIONS:					
Total Deposits	mil. $	Dec.	5,000.0	2.0	10.9
Total Loans Closed	mil. $	Dec.	114.6	−2.9	−13.1
Mortgage Loans Closed	mil. $	Dec.	92.0	−8.7	−14.4
TAX COLLECTIONS:[1]					
STATE	thous. $	Jan.-Mar.	646,572	.....	8.9
Oahu	thous. $	Jan.-Mar.	560,821	.....	10.3
Maui County	thous. $	Jan.-Mar.	39,474	.....	−4.8
Hawaii	thous. $	Jan.-Mar.	31,952	.....	4.9
Kauai	thous. $	Jan.-Mar.	14,324	.....	9.2

[1]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

phase, began in 1989. The first 96 homes are expected to be available by mid-1990. The six remaining projects will be developed between 1991 and 1996.

Cambridge Park, also by Finance Realty, is an affordable rental unit project off of Makakilo Drive. In March 1990, 24 multi-family units were completed. An additional 88 units are expected to be completed by mid-1990.

The 1,100-acre Ewa Marina project being undertaken by Haseko (Hawaii), Inc., will be located between Ewa by Gentry and Oneulu Beach Park. The first 740-acre phase, scheduled to break ground in 1992, features 4,850 housing units, a 1,600-slip marina and a golf course. The 389-acre Phase II includes 1,500 visitor units, a golf course, fitness center, tennis complex and commercial and retail space. Zoning approval for the proposed Phase II site is pending.

The seventh project called Makaiwa Hills located on the Nanakuli side of Makakilo is presently in the conceptual stage. Approximately 2,000-3,000 units are planned for this hilltop subdivision owned by the Campbell Estate.

In order to make the second city a success, efforts are focused on providing new employment opportunities for existing Leeward residents and new Ewa settlers. Approximately 4,400 people are currently employed in the Ewa area. By the year 2005, Ewa is expected to generate 26,000 new jobs, including 12,000 in the City of Kapolei and 5,100 at the Ko Olina Resort.

St. Francis Medical Center-West has created 200 new jobs, with an additional 200 to 300 jobs to come on-line upon the completion of Phase II. Employment at Campbell Industrial Park is projected to reach 6,400 jobs, while Barbers Point Naval Air Station is expected to maintain its civilian work force of 1,500 persons. Oahu Sugar Co. is expected to maintain its 1,050 employees despite the company's declining acreage.

A non-profit program called the West Oahu Employment Corporation (WOEC) was established in 1987 to help link Leeward Oahu residents to employment opportunities in the Ewa-Waianae Coast region. The WOEC works with business leaders, community groups and local officials to provide residents with job placement services and educational and vocational training.

Much progress has been made on Oahu's "Second City," and the next 10 to 20 years will bring further changes and new opportunities to the Ewa Plain. Kapolei has thus far shown positive signs of maintaining a balance between urban, residential, agricultural and recreational uses, while meeting the needs of Oahu's expanding population.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank
P.O. Box 3200; Honolulu, Hawaii; 96847
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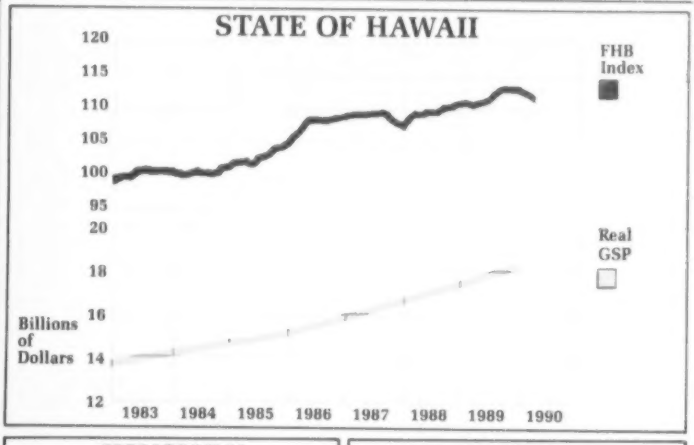

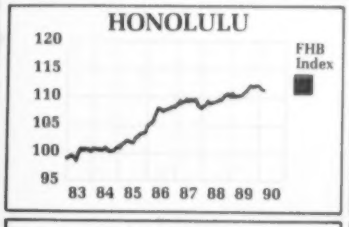

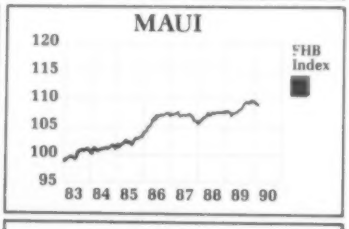

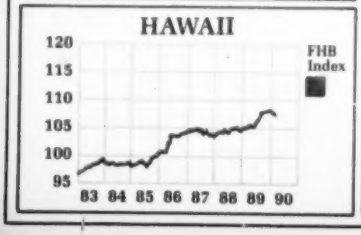

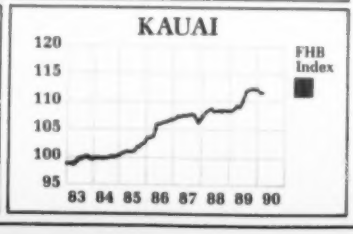

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators decreased by 0.6 percent for March, following a 0.1-percent increase for February. Of the ten index components, only the credit demand indicator increased. The average-workweek-hour, unemployment-insurance-claim and tourism indicators posted declines partly due to the 22-day hotel workers strike. The construction, interest-rate, Hawaii-stock, inflation and money-supply indicators also posted declines. At the county level, the Honolulu, Hawaii and Kauai County indexes were unchanged while the Maui County index declined. The components commonly used for the county indexes (interest-rate, average-workweek-hour, inflation, Hawaii-stock and money-supply) declined, offsetting any increases of the county-specific indicators. For Honolulu, the credit-demand, private-construction and employment indicators showed strengths. For Maui County, the public-construction, credit-demand, tourism and employment indicators increased. All components posted gains for Hawaii County. For Kauai County, only the private-construction indicator decreased.

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ECONOMIC INDICATORS

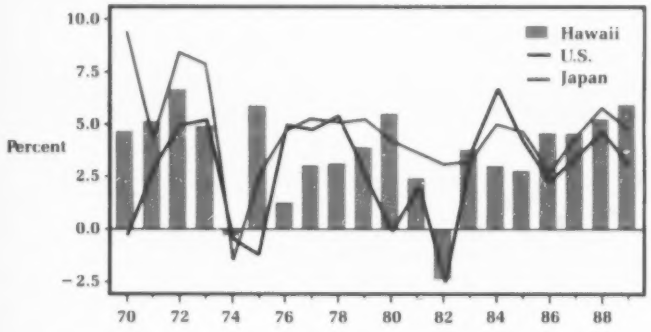
Research Department, First Hawaiian Bank | July/August 1990

Cyclical Impacts on Hawaii; the U.S. vs. Japan

Hawaii's location between the U.S. mainland and Japan means major influences from the world's two largest industrial economies. The state economy can be affected by business cycles in both of these economic giants. Because the cycles of the U.S. and Japan are not perfectly synchronized, knowing which—if either—cycle dominates can be important in forecasting the state economy.

While both economies affect the state, it is critical to discern cyclical from non-cyclical influences. Some national variables that are closely tied to the cycle impact state activity; income levels influence such things as tourism, and interest rates affect investment. Other variables may be affected by the cycle, but they are less closely linked to it, including investment flows and the exchange rate for Japan.

U.S., JAPAN & STATE ECONOMIC GROWTH



The chart compares real GNP growth rates for the U.S., Japan, and the state of Hawaii from 1970 through 1989. During major recessions, such as 1974-75 and 1981-82, there was a tendency for all three to shrink or at least weaken. Each contracted in the earlier oil price induced episode, and the state economy followed the nation's recession in the latter one. Otherwise, especially in the 1980s, the U.S. and Japanese economies have been more closely tied to each other than the state's economy has been to either one. This is understandable; a single state's economy is usually less diversified than that of a major industrial nation.

On balance, U.S. business cycles have affected Hawaii more. Tourism, for example, should be related to a cyclical variable like personal consumption, which is about two-thirds of overall GNP and is a major cyclical variable in both national economies. Westbound tourism to Hawaii correlates with changes in overall real U.S. personal consumption, but eastbound tourism is less related to changes in the same variable for Japan.

Japanese influences on the Hawaiian economy are more closely tied to the dollar/yen exchange rate and the Japanese balance of payments. Slower state growth in the early 1980s and faster growth since 1985 track dollar/yen movements fairly closely. Likewise, Japanese trade surpluses have led to a large capacity to invest abroad, and much of this investment has come to Hawaii. Japanese influences have increased markedly in the last decade and are now extremely important, but the linkages involved are not that closely tied to the Japanese business cycle.

The world economy is now in its eighth year of economic growth. This has caused some to argue that business cycles are obsolete due to factors such as better inventory control, a shift in output from manufacturing to services, and "rolling recessions" that affect some regions but not others. Even if less amplified, cycles will still take place. We must contend with potential transmissions effects, even though we might expect the ripples to be less than previously.

Several conclusions emerge. (1) While both economies have an impact on the state, following the U.S. business cycle is a better guide than the Japanese cycle in predicting the state economy. (2) Japanese forces may dominate, but these often do not follow the economic cycle. It is even possible that Japanese influences on Hawaii can mitigate cyclical impacts from both national economies. (3) Local cyclical fluctuations will not necessarily track either national cycle closely, because of economic developments peculiar to the state. (4) Because national fluctuations may be more muted, their transmitted impulses are also likely to be more mild than in the past.

From these conclusions, we can make some projections for Hawaii. A consensus forecast predicts a deceleration in both national economies this year, especially the U.S. The bigger U.S. slowdown may be more significant for the state economy, but Japanese variables may also portend somewhat slower activity. Even though continued investment inflows are expected, the yen has weakened since last year. These developments point to a cooling off of state economic growth in the near term. However, the tendency of the state to not follow the nation closely, combined with the trend toward less volatile national business cycles generally, translates to only a marginal and probably brief slowdown for the state. The outlook for Hawaii remains bright, especially compared to many sectors of the U.S. and even the Japanese national economy.

FIRST HAWAIIAN BANK
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JULY/AUGUST FEATURE STORY: HAWAII'S LABOR SHORTAGE

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CURRENT BUSINESS TRENDS

The Hawaiian economy continued to grow steadily through the first five months of 1990, driven by robust construction activity, strong real estate resales, and a solid financial industry. The labor market remains one of the biggest constraints on state growth.

Gross business receipts, a monthly indicator of overall business activity, grew by 13 percent to $17 billion. Gross business receipt increased for all islands, with Maui County posting the largest gain of 18 percent to $1 billion. This was followed by Kauai and Oahu with increases of 15 and 13 percent, respectively, to $387 million and $15 billion. The Big Island had the smallest increase of 12 percent to $1 billion.

Hawaii's labor market remains one of the tightest in the nation. The state unemployment rate for May fell to 2.5 percent from 2.7 percent a year ago. Oahu and Maui County had the tightest labor markets, posting unemployment rates of 2.2 and 2.3 percent, respectively. The Big Island had the highest unemployment rate of 4.4 percent, with Kauai at 3.1 percent. The average statewide unemployment rate through May was 2.8 percent, up slightly from 2.7 percent during the same period last year.

The total job count for May stood at 571,100 jobs, four percent higher than last May. The job count for Oahu increased by four percent, the same increase as last May. The job counts for Maui and Kauai increased by 2 percent each, and by 5 percent for the Big Island. These job count increases for the Neighbor Islands were moderate compared to the average 11 percent increases in May 1989.

The visitor industry showed modest gains during the first five months. Total visitor count through May stood at 2.8

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	1st Qtr.	5,433r	1.7	6.3
In 1982 Dollars	bil. $	1st Qtr.	4,193r	0.5	2.1
PERSONAL INCOME**	bil. $	May	4,701r	0.3	6.9
INTEREST RATES					
AVERAGE PRIME RATE	percent	June	10.00	0.0	−13.0
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Apr.	432.4p	−0.7	5.0
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	Mar.	130.3	0.0[1]	3.2
Apts., Hotels, Office Bldgs.	1982 = 100	Mar.	126.6	0.1[1]	2.1
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	May	118,350	0.2	1.0
UNEMPLOYMENT*	thous.	May	6,653	−1.7	3.6
UNEMPLOYMENT RATE*	percent	May	5.3	0.0	1.9
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	May	127.5	0.2	4.1
All Urban Consumers	1982-84 = 100	May	129.2	0.2	4.4
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	May	117.4p	0.3	3.1
All Commodities	1982 = 100	May	114.5p	0.4	1.1

r = revised.
p = preliminary.
[1]Compared to January, 1989.
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-May	17,410.3	.....	13.2
Oahu	mil. $	Jan.-May	14,893.0	.....	12.9
Maui County	mil. $	Jan.-May	1,040.8	.....	17.6
Hawaii	mil. $	Jan.-May	1,089.6	.....	11.6
Kauai	mil. $	Jan.-May	387.0	.....	15.3
DIVERSIFIED MANUFACTURING	mil. $	Jan.-May	304.5	.....	5.6
DIVERSIFIED AGRICULTURE	mil. $	Jan.-May	144.6	.....	3.8
RETAILING	mil. $	Jan.-May	5,835.6	.....	9.7
WHOLESALING	mil. $	Jan.-May	4,587.0	.....	13.8
SERVICES	mil. $	Jan.-May	4,086.6	.....	14.4
OAHU NEW CAR SALES	number	Jan.-May	18,135	.....	2.7
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	2nd half 1989	132.0	3.6[1]	6.0
All Urban Consumers	1982-84 = 100	2nd half 1989	131.1	3.7[1]	6.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1989	10,907p	.....	18.6
OVERNIGHT OR LONGER VISITORS	number	May	546,910p	−1.5	10.4
	number	Jan.-May	2,795,550p	.....	4.0
Westbound	number	May	377,420p	−2.8	7.7
	number	Jan.-May	1,931,910p	.....	0.5
Eastbound	number	May	169,490p	1.5	16.8
	number	Jan.-May	863,640p	.....	12.9
AVERAGE DAILY VISITOR CENSUS	number	May	112,010p	.....	11.8
AVERAGE LENGTH OF STAY	no. of days	May	9.2p	.....	−4.2
MEETING ATTENDANCE	number	May	n.a.	.....	.....
ORGANIZED GROUP TOURS	number	Jan.-May	232,690p	.....	−9.0
COUNTY WESTBOUND VISITORS					
Oahu	number	May	249,650p	−3.6	6.9
	number	Jan.-May	1,264,040p	.....	−0.4
Maui County	number	May	160,490p	−2.5	−2.3
	number	Jan.-May	809,700p	.....	−8.9
Hawaii	number	May	76,700p	1.6	17.4
	number	Jan.-May	406,810p	.....	8.0
Kauai	number	May	97,200p	8.9	11.2
	number	Jan.-May	441,250p	.....	−4.5

p = preliminary. *[1]Compared to 1st Half 1989.*
e = estimated.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY:					
STATE	percent	May	74.9p	−1.7	6.1
		Jan.-May	80.6p	.....	0.7
Oahu	percent	May	81.5p	−1.2	6.3
		Jan.-May	87.4p	.....	0.9
Maui (Island)	percent	May	67.9p	−2.2	5.9
		Jan.-May	73.0p	.....	−0.9
Hawaii	percent	May	55.8p	−8.2	0.9
		Jan.-May	66.8p	.....	5.5
Kauai	percent	May	67.7p	−0.3	5.9
		Jan.-May	68.1p	.....	−4.5
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	1989	2,134.9	.....	7.2
Military Payroll	mil. $	1989	979.8	.....	9.0
Civilian Payroll	mil. $	1989	669.0	.....	4.6
Local Purchases	mil. $	1989	486.1	.....	7.4
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1989	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.-May	242.7	.....	−2.1
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-May	468.0	.....	5.6
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	mil. $	1989	95.4	.....	−11.2
FRESH	thous. lbs.	Jan.-May	111,394	.....	−6.6
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	168,167	.....	10.4
FLOWERS & NURSERY PRODUCTS	thous. $	1989	62,295	.....	4.6
Anthurium Outshipments[3]	th. dozens	Jan.-May	277.0	.....	−28.0
Potted Foliage Plants	thous. $	1989	14,575	.....	17.3
FRUITS & NUTS	thous. $	1989	77,821	.....	26.5
Papaya Sales	th. lbs.	Jan.-May	24,770p	.....	−1.3
Average Farm Price	cents/lb.	May	22.0	−37.1	−13.4
Macadamia Nut Sales (in shell)	th. lbs.	1989	51,000e	.....	12.1
Average Farm Price	cents/lb.	1989	89.0	.....	−1.1
VEGETABLES AND MELONS[4]	th. lbs.	Jan.-May	23,342p	.....	9.5
LIVESTOCK	thous. $	1989	91,769	.....	3.5
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-May	12,561	.....	−14.0
Average Farm Price (Feedlot Beef)	cents/lb.	May	92.0p	−3.2	−2.6
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-May	2,482	.....	−3.4
Average Farm Price	cents/lb.	May	103.5p	0.5	0.0
MILK PRODUCTION	mil. lbs.	Jan.-May	65.7	.....	−0.8
Average Price Sold to Plants	$/100 lbs.	May	20.70	0.3	−0.3
EGG PRODUCTION	mil.	Jan.-May	95.1	.....	3.0
Average Farm Price	cents/doz.	May	86.0p	1.2	5.5
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-May	3,546.7	.....	4.3
GAS SALES	th. therms	Jan.-May	23,151	.....	6.2
TELEPHONE LINES IN SERVICE	thous.	Jan.-May	563.1	.....	4.9

p = preliminary.
e = estimated.
[2]Does not include local purchases by the Navy.
[3]From Hawaii County.
[4]Includes snap beans, cabbage, celery, sweet corn, cucumber, onions, green peppers, tomatoes, and watermelons.

million visitors, up by 4 percent. Growth in the number of westbound visitors has been flat, increasing by only .5 percent to 1.9 million visitors. The eastbound visitor market has shown positive growth, increasing by 13 percent through May to 863,640 visitors.

As of May, the cumulative westbound visitor count was down for all counties except the Big Island which posted an 8 percent increase. Westbound visitors to Maui and Kauai Counties declined by 9 and 5 percent, respectively. The westbound visitor count for Oahu declined by less than one percent.

Statewide, hotel occupancy for May was 75 percent, up by 4 percentage points from a year ago. Oahu continued to enjoy the highest occupancy rate of 82 percent, 5 percentage points higher than last May. The Big Island had the lowest occupancy rate of 56 percent, one percentage point higher than last year. Maui and Kauai hotels each posted increases of 4 percentage points, for occupancy rates of 68 percent each.

The state's agriculture industry continued to show a mixed performance. Fresh pineapple shipments through May decreased by 7 percent to 113 million pounds. Sugar production through May decreased slightly by 2 percent to 242,672 tons. The average New York raw sugar price increased by 6 percent to $468 per ton.

The anthurium industry continues to experience declines in 1990. As of May, anthurium outshipments reached 277,000 dozens, 28 percent fewer than last year. Papaya sales through May declined slightly by one percent to 25 million pounds. Total vegetable and melon production stood at 23 million pounds as of May, up by 10 percent. Beef and pork production were down by 14 and 3 percent, respectively, through May. Egg production was up by 6 percent, while milk production fell by less than one percent.

Hawaii's real estate market continued to grow at a higher rate than last year. Through May, resales of single-family units and condominiums increased by 18 and 15 percent, respectively. The average price of a single-family unit through May 1990 rose by 35 percent to $387,785, and the average condominium price went up by 31 percent to $217,113.

The average price of a single-family unit on Maui increased by 63 percent through May to $411,854. Kauai experienced a 41 percent increase to $336,114 in the average price of a single-family unit. Oahu's single-family unit price increased by 39 percent to $463,618, and the Big Island's by 13 percent to $209,684.

The average condominium price on Oahu and Maui increased by 36 and 28 percent, respectively, to $214,808 and $263,492. Kauai experienced an 18 percent increase in the average price of a condominium to $181,061, while the average price for a condominium on the Big Island fell by 10 percent to $158,505.

The state construction industry showed continued growth through May. Construction-put-in-place rose by 26 percent to $1.5 billion. Every county experienced gains, the largest being the Big Island with a 52-percent increase over last year. Kauai and Maui Counties followed with increases of 51 and 46 percent, respectively. Oahu trailed with an increase of 22 percent.

Statewide, public sector construction through May declined by 31 percent to $194 million. Public contracts awarded by state and county government sectors declined by 38 and 30 percent, respectively, and by 3 percent for the Federal government.

Oahu experienced a 49 percent decline in public construction contracts during the first five months, totaling $124 million. Kauai posted the largest increase of 558 percent for public construction contracts totaling $26 million. The Big Island's public construction contracts dropped by 3 percent to $9 million. Maui County posted a 35 percent increase in public construction contracts to $36 million.

Residential and non-residential permits authorized statewide declined by 4 percent to $778 million during the first five months. Residential and non-residential permits authorized for Oahu declined by 7 and 28 percent, respectively, to $250 and $137 million. Likewise, Maui County saw declines of 18 and 24 percent to $91 and $27 million, respectively, in the residential and non-residential permits authorized. For the Big Island, residential permits authorized increased by 86 percent to $140 million, while non-residential permits declined by 65 percent to $28 million. Residential and non-residential permits authorized for Kauai increased by 82 and 133 percent, respectively, to $64 and $41 million.

Financial activity in Hawaii remained strong. Total bank deposits increased by 20 percent over last May to $12.2 billion. Total bank loans for the first quarter stood at $8.3 billion, 18 percent higher than last year. Commercial and industrial loans lead the increase at $2.5 billion, 21 percent ahead of last year. Real estate loans increased by 18 percent to $3.9 billion. Consumer loans totaled $1.3 billion, up by 8 percent over last year.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE:	thous. $	Jan.-May	1,533,653	.....	25.7
Oahu	thous. $	Jan.-May	1,282,373	.....	21.9
Maui County	thous. $	Jan.-May	99,291	.....	46.4
Hawaii	thous. $	Jan.-May	115,811	.....	52.3
Kauai	thous. $	Jan.-May	36,178	.....	50.7
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1982 = 100	May	141.9	1.1	2.6
HIGH-RISE	1982 = 100	May	137.4	1.5	3.3
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-May	544,460	.....	11.5
Single Family Units	number	Jan.-May	2,687	.....	17.3
Multiple Family Units	number	Jan.-May	1,205	.....	−26.9
NONRESIDENTIAL	thous. $	Jan.-May	233,795	.....	−27.8
OAHU: RESIDENTIAL	thous. $	Jan.-May	249,280	.....	−6.8
Single Family Units	number	Jan.-May	893	.....	9.8
Multiple Family Units	number	Jan.-May	379	.....	−59.8
NONRESIDENTIAL	thous. $	Jan.-May	137,526	.....	−27.7
MAUI CO.: RESIDENTIAL	thous. $	Jan.-May	90,664	.....	−17.5
Single Family Units	number	Jan.-May	524	.....	15.2
Multiple Family Units	number	Jan.-May	328	.....	−39.0
NONRESIDENTIAL	thous. $	Jan.-May	26,777	.....	−24.2
HAWAII: RESIDENTIAL	thous. $	Jan.-May	140,365	.....	85.5
Single Family Units	number	Jan.-May	826	.....	3.9
Multiple Family Units	number	Jan.-May	482	.....	254.4
NONRESIDENTIAL	thous. $	Jan.-May	28,342	.....	−64.8
KAUAI: RESIDENTIAL	thous. $	Jan.-May	64,152	.....	81.7
Single Family Units	number	Jan.-May	444	.....	94.7
Multiple Family Units	number	Jan.-May	16	.....	−50.0
NONRESIDENTIAL	thous. $	Jan.-May	41,152	.....	132.6
PUBLIC CONTRACTS AWARDED					
STATE	thous. $	Jan.-May	194,361	.....	−31.1
Oahu	thous. $	Jan.-May	124,240	.....	−48.9
Maui County	thous. $	Jan.-May	35,502	.....	35.1
Hawaii	thous. $	Jan.-May	8,645	.....	−2.9
Kauai	thous. $	Jan.-May	25,971	.....	557.5
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-May	29,189	.....	−2.8
State	thous. $	Jan.-May	93,916	.....	−38.1
County	thous. $	Jan.-May	70,805	.....	−29.5
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-May	1,907	.....	18.0
Average Price	dollars	Jan.-May	387,785	.....	34.8
Condominium	number	Jan.-May	3,507	.....	15.4
Average Price	dollars	Jan.-May	217,113	.....	30.8
OAHU: Single Family	number	Jan.-May	1,099	.....	10.8
Average Price	dollars	Jan.-May	463,618	.....	38.9
Condominium	number	Jan.-May	2,570	.....	11.4
Average Price	dollars	Jan.-May	214,808	.....	36.2
MAUI CO.: Single Family	number	Jan.-May	231	.....	21.6
Average Price	dollars	Jan.-May	413,854	.....	62.9
Condominium	number	Jan.-May	555	.....	14.9
Average Price	dollars	Jan.-May	263,492	.....	28.3
HAWAII: Single Family	number	Jan.-May	471	.....	38.5
Average Price	dollars	Jan.-May	209,684	.....	13.0
Condominium	number	Jan.-May	268	.....	79.9
Average Price	dollars	Jan.-May	158,505	.....	−10.2
KAUAI: Single Family	number	Jan.-May	106	.....	12.8
Average Price	dollars	Jan.-May	336,114	.....	40.5
Condominium	number	Jan.-May	114	.....	14.0
Average Price	dollars	Jan.-May	181,061	.....	18.2

p = preliminary.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1989	1,263.0p	.....	3.6
Total Resident Population	thous.	July 1, 1989	1,112.1p	.....	1.3
OAHU:					
Total De Facto Population	thous.	July 1, 1988	902.6p	.....	1.2
Total Resident Population	thous.	July 1, 1989	841.6p	.....	0.4
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1988	125.0p	.....	1.8
Total Resident Population	thous.	July 1, 1989	97.2p	.....	4.5
HAWAII:					
Total De Facto Population	thous.	July 1, 1988	126.3p	.....	2.4
Total Resident Population	thous.	July 1, 1989	122.3p	.....	4.1
KAUAI:					
Total De Facto Population	thous.	July 1, 1988	64.9p	.....	3.3
Total Resident Population	thous.	July 1, 1989	51.0p	.....	3.4
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1988	1,041.4p	.....	1.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION[1]	number	Jan.-May	2,473	.....	27.2

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	4th Qtr.	21,130p	2.2	10.8
EMPLOYMENT INCOME[1]	mil. $	4th Qtr.	16,326p	2.2	11.4
Manufacturing	mil. $	4th Qtr.	639p	3.2	6.7
Construction & Mining	mil. $	4th Qtr.	1,447p	1.7	28.7
Wholesale	mil. $	4th Qtr.	639p	3.2	10.9
Retail	mil. $	4th Qtr.	1,899p	1.4	10.8
Finance, Ins., & Real Estate	mil. $	4th Qtr.	1,167p	4.4	8.4
Trans., Comm., & Util.	mil. $	4th Qtr.	1,400p	1.7	13.1
Services	mil. $	4th Qtr.	4,480p	2.4	12.4
Farm & Other	mil. $	4th Qtr.	355p	4.4	−0.8
Federal Civilian	mil. $	4th Qtr.	1,121p	0.3	5.8
Federal Military	mil. $	4th Qtr.	1,384p	−0.6	2.9
State & Local	mil. $	4th Qtr.	1,754p	2.8	11.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	4th Qtr.	3,198p	2.4	11.8
TRANSFER PAYMENTS ($2,705 minus personal contributions for social insurance $1,099)	mil. $	4th Qtr.	1,606p	1.7	3.0
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1989	18,306p	.....	9.3
Oahu	dollars	1988	17,450p	.....	7.0
Maui County	dollars	1988	15,279p	.....	7.7
Hawaii	dollars	1988	13,331p	.....	7.7
Kauai	dollars	1988	14,093p	.....	9.6

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

WAIIAN BANK

HAWAII'S LABOR SHORTAGE

One of the most important economic constraints on the Hawaiian economy in the past few years has been the state's labor shortage. Despite this labor shortage, gross state product rose by 6 percent in 1989, the seventh year of consecutive economic growth. Labor is a critical input to production, therefore, some might wonder how Hawaii has been able to enjoy this economic expansion.

Hawaii's average unemployment rate through the 1970s was above 7 percent, peaking in 1976 at 9.8 percent. With a temporary reversal related to the recession in the early 1980s, the unemployment rate declined to 2.6 percent in 1989, the lowest unemployment rate in the nation. The unemployment rate through May 1990 was 2.8 percent.

Between 1980 and 1989, the statewide job count, fueled by rapid economic expansion, grew by 24 percent or 107,000 jobs. At the same time, the civilian labor force grew by only 19 percent or 85,000 persons, and the overall resident population grew by 15 percent. Population estimates do not show positive signs for alleviating the current labor situation. According to the state Department of Business, Economic Development and Tourism (DBEDT), the residential population is expected to grow by 13 percent from 1990 to 2000, versus an estimated 17 percent rise in the total job count for the same period.

Shifts in the age of Hawaii's population have also influenced the labor market. Between 1980 and 1989, the number of young people age 15 to 24 years—the traditional labor source for service oriented industries—shrunk by 12 percent. This segment of the population comprised 20 percent of the state's population in 1980, but only 15 percent in 1989. The older segment, age 65 or older, increased its share from 8 percent in 1980 to over 12 percent in 1989.

To efficiently utilize both the senior and the younger population groups, employers offer part-time positions to accommodate school schedules and recruit students through cooperative education and adopt-a-school programs. Flexible scheduling, job sharing and updated retirement policies are offered as incentives for retirees to participate in the work force.

Many businesses are also recruiting out-of-state workers. Island farmers have recently recruited workers from Mexico, the Philippines, mainland China and Micronesia. The U.S. mainland is an attractive labor source because workers are either American citizens or resident aliens, eliminating much of the time and paperwork as-

sociated with foreign immigration.

The number of workers that can be imported is limited by the state's inability to support an expanding population in terms of housing and infrastructure. The demand for labor has grown faster than the availability of affordable housing, preventing potential workers from relocating here. Limited water resources and insufficient sewage and landfill facilities further limit the pace at which housing can be developed. Inadequate transportation also deters current residents from accepting jobs away from their immediate area of residence.

Solving the labor situation is further constrained by the high rate of adult illiteracy throughout the state, the lack of basic skills among Hawaii's youth, and the growing number of foreigners who often lack sufficient work skills and English competency. Following the national trend, the greatest demand for labor is expected to be in service, sales and administrative support oriented occupations. These positions will require higher skills in communication, math and computer technology. Extensive costs will continue to be incurred by employers to provide basic training and education to individuals who would ordinarily be overlooked due to inadequate work or education skills.

Child care has also become a labor issue. The Governor's Office of Children and Youth estimates there are 28,000 households in which parents are willing but unable to work because they lack sufficient child care service. Many businesses now provide child care assistance to employees to attract parents into the work force.

First Hawaiian Bank recently implemented a pilot dependent care program which allows employees to set up special pre-tax accounts to pay for the care of children or elderly dependents. The program, called ShareCare, will also contribute up to $200 of the dependent care expenses and provide full reimbursement to employees for the cost of daytime supervision of children with mild illnesses.

Some businesses are utilizing other methods to meet their labor demands. In agriculture where the number of workers declined by 10 percent in the 1980s despite a 47 percent increase in average hourly wages, many farmers have turned to high technology labor saving devices. Mechanization and automation of certain field and processing operations have helped to reduce the demand for labor by streamlining many operations. Also, importing seasonal labor, providing transportation and subsidizing housing have been effective

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	May	540.0p	0.4	2.6
Employment	thous.	May	526.5p	0.5	2.8
Unemployment	thous.	May	13.5p	−2.9	−4.3
Unemployment Rate	percent	May	2.5p	−3.8	−7.4
OAHU:					
Civilian Labor Force	thous.	May	397.4p	0.5	2.9
Employment	thous.	May	388.6p	0.5	3.1
Unemployment	thous.	May	8.8p	0.0	−5.4
Unemployment Rate	percent	May	2.2p	0.0	−8.3
MAUI COUNTY:					
Civilian Labor Force	thous.	May	55.7p	−0.5	0.5
Employment	thous.	May	54.4p	0.2	0.6
Unemployment	thous.	May	1.3p	−23.5	−7.1
Unemployment Rate	percent	May	2.3p	−23.3	−8.0
HAWAII:					
Civilian Labor Force	thous.	May	59.1p	0.5	3.5
Employment	thous.	May	56.5p	0.4	3.5
Unemployment	thous.	May	2.6p	4.0	0.0
Unemployment Rate	percent	May	4.4p	4.8	−2.2
KAUAI:					
Civilian Labor Force	thous.	May	27.9p	0.7	0.7
Employment	thous.	May	27.0p	1.1	0.7
Unemployment	thous.	May	0.9p	−10.0	0.0
Unemployment Rate	percent	May	3.1p	−11.4	−3.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	May	571.1p	0.1	3.9
Oahu	thous.	May	438.2p	0.1	4.2
Maui County	thous.	May	52.3p	−0.2	1.8
Hawaii	thous.	May	53.6p	0.2	4.5
Kauai	thous.	May	27.1p	0.4	1.5
SUGAR (Mill and Field)	thous.	May	5.4p	−3.6	−6.9
PINEAPPLE (Cannery and Field)	thous.	May	3.2p	0.0	−13.5
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	May	16.7p	−0.6	−2.3
Durable Goods	thous.	May	4.1p	0.0	−4.7
Non-Durable Goods	thous.	May	12.6p	−0.8	−1.6
Apparel and Textiles	thous.	May	2.4p	0.0	−7.7
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	May	7.7p	10.0	−3.7
CONTRACT CONSTRUCTION	thous.	May	29.4p	−0.3	3.2
TRANSPORTATION	thous.	May	31.6p	−0.6	6.4
COMMUNICATION	thous.	May	7.5p	0.0	2.7
UTILITIES	thous.	May	2.8p	0.0	0.0
RETAIL TRADE	thous.	May	111.1p	−0.4	1.2
WHOLESALE TRADE	thous.	May	22.5p	0.0	3.2
FINANCE, INSURANCE AND REAL ESTATE	thous.	May	35.8p	0.3	2.3
HOTEL SERVICES—STATE	thous.	May	38.5p	−1.0	5.2
Oahu	thous.	May	19.6p	−2.0	6.5
Maui County	thous.	May	9.0p	0.0	9.8
Hawaii	thous.	May	6.0p	−1.6	1.7
Kauai	thous.	May	3.9p	0.0	−9.3
OTHER SERVICES	thous.	May	111.8p	0.1	5.3
FEDERAL GOVERNMENT	thous.	May	34.7p	2.4	3.3
Civilian Agencies	thous.	May	15.2p	5.6	10.9
Defense Department	thous.	May	19.5p	0.0	−4.4
STATE GOVERNMENT	thous.	May	61.1p	1.3	8.5
COUNTY GOVERNMENT	thous.	May	14.1p	0.7	2.2
NON-AGRICULTURE SELF-EMPLOYED	thous.	May	37.7p	−1.3	11.5

p = *preliminary.*

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg)	number	May	5,300	−11.9	5.4
Intrastate Initial Claims	number	Jan.-May	27,748	.....	32.7
Interstate Initial Claims	number	Jan.-May	1,260	.....	9.9
Unemployment Insur. Benefits	thous. $	Jan.-May	21,086	.....	17.6
INCOME MAINTENANCE:					
Recipients[1]	no. persons	May	52,237	−0.9	4.1
Payments	thous. $	Jan.-May	52,642	.....	15.1
MEDICAL ASSISTANCE:					
Recipients[1]	no. patients	May	47,691	5.4	−4.3
Payments	thous. $	Jan.-May	90,139	.....	15.1
FOOD STAMPS:					
Recipients[1]	no. persons	Apr.	79,695	−0.6	0.1
Payments	thous. $	Jan.-Apr.	27,164	.....	9.7
SERVICES:					
Recipients[1]	no. cases	1st Qtr.	6,052	−14.4	−8.0
Payments	thous. $	1st Qtr.	10,196	.....	60.6

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	May	12,219.0	1.0	19.7
Debits To Demand Deposits	mil. $	May	19,419.4	.....	36.6
OAHU:					
Total Deposits	mil. $	May	10,113.3	1.1	20.4
Debits To Demand Deposits	mil. $	May	17,839.9	.....	38.2
MAUI:					
Total Deposits	mil. $	May	879.1	2.2	16.5
Debits To Demand Deposits	mil. $	May	699.6	.....	25.4
HAWAII:					
Total Deposits	mil. $	May	832.9	−0.6	17.3
Debits To Demand Deposits	mil. $	May	589.7	.....	19.2
KAUAI:					
Total Deposits	mil. $	May	393.6	−1.6	14.7
Debits To Demand Deposits	mil. $	May	290.2	.....	10.7
BANK LOANS OUTSTANDING STATE:	mil. $	1st Qtr.	8,292.2	2.0	18.4
Real Estate	mil. $	1st Qtr.	3,894.1	4.3	17.8
Consumer	mil. $	1st Qtr.	1,293.8	−0.2	8.2
Commerical & Industrial	mil. $	1st Qtr.	2,459.9	1.7	20.5
Other	mil. $	1st Qtr.	497.0	−2.4	36.8
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	May	10.2	3.0	1.0
SAVINGS & LOAN ASSOCIATIONS:					
Total Deposits	mil. $	Dec.	5,000.0	2.0	10.9
Total Loans Closed	mil. $	Dec.	114.6	−2.9	−13.1
Mortgage Loans Closed	mil. $	Dec.	92.0	−8.7	−14.4
TAX COLLECTIONS:[1]					
STATE	thous. $	May	248,367	38.4	11.2
Oahu	thous. $	May	214,969	30.3	4.7
Maui County	thous. $	May	13,481	94.4	7.5
Hawaii	thous. $	May	13,269	138.7	13.1
Kauai	thous. $	May	6,647	244.9	78.3

[1]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

in acquiring workers.

Over one-third of the jobs statewide are indirect or induced jobs resulting from the visitor industry, with the hotel sector providing the most jobs. The number of hotel jobs grew by about 5 percent per year in the 1980s to reach 37,000 jobs in 1989. While the DBEDT estimates the rate of growth in hotel jobs to slow to less than 2 percent per year in the next six years, 4,000 new jobs are still expected to come on line by 1995.

The Hawaii Hotel Association has undertaken an Adopt-A-School program to orient students to the hotel industry through career guidance, education programs and cooperative work education. The industry also works closely with the University of Hawaii's Travel Industry Management program to promote careers in the visitor industry.

Strong construction activity throughout the state has increased the number of persons employed in the construction industry from 23,950 in 1980 to 29,200 in 1989. While construction companies recruit workers from off island, they are also trying to maximize the efficiency of the present labor force.

The Hawaii Construction Industry Association is upgrading apprenticeship training programs, expanding vocational education programs through high schools and working with community colleges to introduce students to careers in the construction industry. Cooperation between unions has been encouraged to consolidate information and to strengthen training programs.

Retail and fast food employers have raised wages, extended benefits, offered discounts on food and merchandise and allowed flexible scheduling in order to remain competitive with other industries. Greater autonomy and employee participation in both routine and management level decisions are used to promote careers in the retail industry. Labor saving procedures such as computerized inventory systems for retail merchants and self-serve stations at fast food restaurants help ease the demand for workers and also increase the efficiency of the available employees.

Hawaii's labor shortage is more than an issue of supply versus demand. While migrant labor has been a traditional method of alleviating labor shortages, many industries are finding an attractive alternative in maximizing the efficiency of existing labor. Cooperation and long term commitment between employees and employers in formulating solutions to the labor shortage has helped businesses find new alternatives to meet their labor demands. This in turn, has allowed Hawaii to sustain its economic expansion.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank
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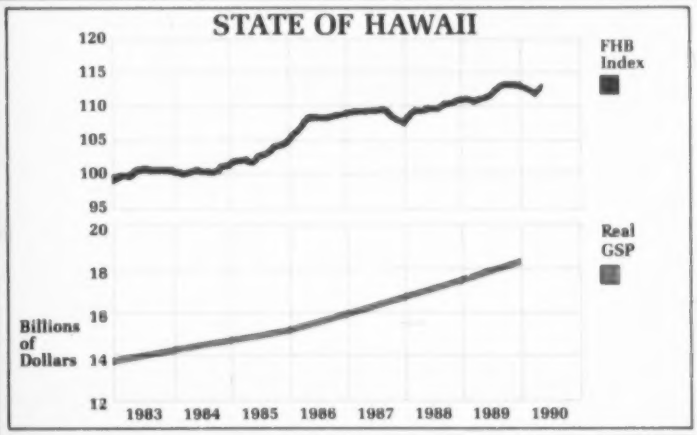

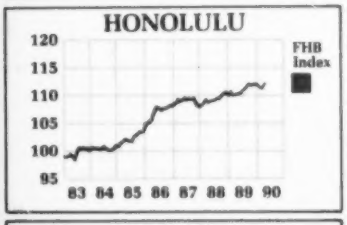

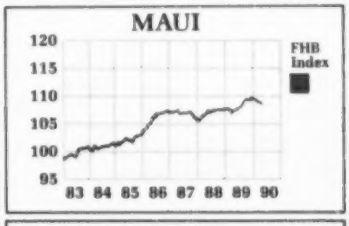

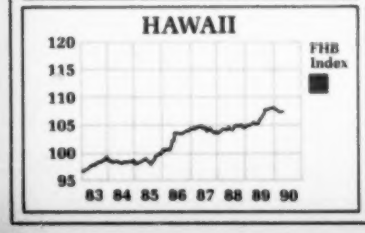

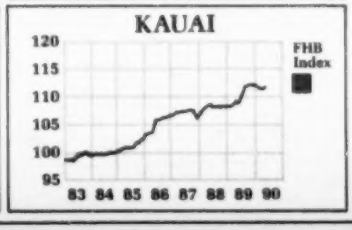

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators increased by 0.3 percent for May, the second consecutive monthly increase. The index components experiencing gains, in order of magnitude, were the state credit-demand, public-construction, Hawaii-stock, interest-rate and the unemployment-insurance-claim indicators. The declining components were the inflation, money-supply, private-construction, tourism and the average-workweek-hours indicators. At the county level, the Honolulu and Kauai County indexes increased. For Honolulu, the components showing strengths were the credit-demand, public-construction, average-workweek-hour and employment indicators. Maui County experienced strengths in the employment, public-construction and tourism indicators. For Hawaii County, the tourism, public-construction and credit-demand indicators increased. For Kauai County, only the public-construction indicator posted a decline.

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ECONOMIC INDICATORS

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Will Japanese Investment in Hawaii Recede?

Japanese investment in Hawaiian real property has caused distortions but also has brought economic strength. Amid signs this investment is slowing, and especially with Japan's recent stock market weakness and perceived energy vulnerability, there are now increasing predictions that Japanese purchases of U.S. real estate will subside.

Arguments have taken several forms. (1) The Japanese currency rose 85% against the dollar from 1985 to 1988 and made U.S. property a bargain. Now that the yen has fallen from recent peaks, U.S. assets will not be as attractive. (2) The Japanese current account surplus spiraled in the 1980s up to $90 billion a year and had to be invested abroad, but it is now moving down. The country's surplus will shrink further with higher oil prices. Long term, a rapidly aging Japanese population means lower national savings as older generations save less, leading to a still smaller surplus to invest overseas. Central Europe has emerged to attract an increased share of what remains of the Japanese surplus. (3) Soaring property values in Japan have also made the U.S. look cheap, but this "asset inflation" inevitably will end when tighter Bank of Japan monetary policy and market forces finish bringing over-valued equity and land values into line with output prices and incomes. The resulting wealth effect will render investors much less able to buy U.S. assets. If the adjustment is abrupt, it will cause added pressure on the yen. (4) Japanese investors will in the future ignore now inflated Hawaii property for lower priced, higher return investment elsewhere.

Let us assess each of these points.

First, although the yen is no longer at its peak 1980s strength, it has retrenched from levels plumbed in the spring. As of third quarter 1990 it had recovered all of the decline against the dollar earlier in the year, despite intervening oil uncertainty. The yen is now stronger than its average value in all but one year (1988) of modern times, still a potent boost to Japanese purchasing power.

Next, while the Japanese balance of payments surplus did drop in 1989 (from $80 billion to $57 billion) and will fall further in 1990, this trend will tend to stabilize afterwards. (Ironically, one of the ways the Japanese current account is predicted to shrink is through more tourism, from which Hawaii will benefit.) There are several positive forces: (a) the Japanese trade balance will be aided by any weakness in the yen; (b) current account surpluses of the 1980s have made Japan a large creditor nation, so earnings on its net asset position will boost **future** current accounts; (c) the near term impact of Eastern Europe has been exaggerated, and it will be years before these nations attract cautious long-term investment; (d) higher oil prices will increase Japan's imports in 1991, but this effect could easily fade in the long run. Japan is much more energy-efficient than other nations.

It is misleading to equate Japanese direct investment to the country's overall net capital flows in any case. Japan's net outward capital flow has several components—private portfolio and official flows as well as direct investment. Japanese direct investment abroad therefore can increase even when the current account surplus decreases. Recently this has happened. In 1986 through 1989, Japanese external portfolio investment fell from $102 billion to $33 billion, while direct investment rose from $14 to $45 billion. These trends have continued into 1990.

The third argument above is not dismissed as easily. The Nikkei average has had a rough ride in 1990. Some say it will decline further, and that real estate is next. Overvaluation of Japanese real and financial assets has drawn comment for years, before Mideast oil worries, before Japan's financial spasms earlier this year, and even before the 1987 stock market shock. But even if the Japanese stock market undergoes an extended adjustment, a precipitous crash with serious wealth and exchange rate effects is irrational. Long term growth prospects of the Japanese economy serve as a floor. Recent adjustments have helped bring stock price/earnings ratios more into line, but land values are astoundingly higher than comparable U.S. properties.

Despite government efforts to cool real estate speculation and signs that it is ebbing in the cities, Japanese land prices are likely to remain high. One reason is easier for those in Hawaii to understand than others, but it simply relates to supply and demand. Japan is a small island nation with a large population and economy, further constrained by mountainous topography and earthquake-dictated building heights. The system is further supported by zoning and tax structures.

On the last implication, it should be pointed out that Hawaii has always been a prime choice for Japanese investment in the U.S., followed by the West Coast, just as European investment shows a greater attraction to the Eastern seaboard. Even in a complete open economy world, it is unlikely that these affinities will reverse considerably.

Aspects of some of these developments may have a dampening effect on Japanese investment in Hawaii, but we are skeptical of disaster scenarios. Japanese investment should continue as a source of tangible strength.

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SEPTEMBER/OCTOBER FEATURE STORY: EFFECTS OF KILAUEA ON BIG ISLAND AGRICULTURE

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CURRENT BUSINESS TRENDS

The Hawaiian economy continued to grow steadily through July, 1990. Tourism and construction remain the driving forces behind the strong economy. The labor market continues to be one of the tightest in the nation. Inflation in Honolulu, as measured by the Honolulu Consumer Price Index, stood at 7 percent, compared to the national inflation rate of 5 percent.

Gross business receipts through June increased for all islands and for all major industries. Statewide, gross business receipts grew by 13 percent to $21 billion. Maui County and the Big Island had gross business receipts of $1 billion each for increases of 20 and 14 percent, respectively. Kauai's business activity increased by 15 percent to $470 million, and Oahu's grew by 13 percent to $18 billion.

Unemployment through July increased moderately over last year. Of a civilian labor force of 539,500 persons, 524,150 persons were employed, resulting in a statewide unemployment rate of 2.8 percent. While unemployment was up from the 2.2-percent rate of a year ago, it still remains well below the national average of 5.4 percent. Of the counties, the Big Island had the highest unemployment rate of 4.2 percent, followed by Kauai at 4.0 percent. Unemployment for Oahu and Maui County increased to 2.6 and 2.8 percent, respectively.

The visitor industry continued to show record numbers, although the overall increases were moderate compared to those of 1989. Hawaii attracted 4,071,870 visitors through July, 4 percent more than last year. This growth was fueled largely by the eastbound market. While the westbound visitor count grew marginally to 2,795,790

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	2nd Qtr.	5,452r	1.4	5.4
In 1982 Dollars	bil. $	2nd Qtr.	4,163r	0.3	1.2
PERSONAL INCOME**	bil. $	July	4,672.4p	0.6	6.2
INTEREST RATES					
AVERAGE PRIME RATE	percent	August	10.00	0.0	−4.8
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	June	447.5p	0.0	3.7
CONSTRUCTION COST INDEXES					
Residences	1982 = 100	May	130.7	0.3¹	3.2
Apts., Hotels, Office Bldgs.	1982 = 100	May	127.0	0.3¹	2.3
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	July	117,953	−0.4	0.4
UNEMPLOYMENT*	thous.	July	6,814	5.7	3.6
UNEMPLOYMENT RATE*	percent	July	5.5	5.8	3.8
PRICES					
CONSUMER PRICE INDEXES					
Wage Earners and Clerical Workers	1982-84 = 100	July	128.7	0.3	4.5
All Urban Consumers	1982-84 = 100	July	130.4	0.4	4.8
PRODUCER PRICE INDEXES					
Finished Goods*	1982 = 100	July	117.5p	−0.1	3.4
All Commodities	1982 = 100	July	114.3p	0.1	1.3

r = revised
p = preliminary
¹Compared to March 1990.
**Seasonally adjusted*
***Seasonally adjusted at annual rates*

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS					
STATE	mil. $	Jan.-June	20,636.1	.....	13.3
Oahu	mil. $	Jan.-June	17,551.5	.....	12.7
Maui County	mil. $	Jan.-June	1,270.3	.....	19.6
Hawaii	mil. $	Jan.-June	1,344.5	.....	13.9
Kauai	mil. $	Jan.-June	469.8	.....	14.5
DIVERSIFIED MANUFACTURING	mil. $	Jan.-June	368.7	.....	7.1
DIVERSIFIED AGRICULTURE	mil. $	Jan.-June	170.7	.....	1.0
RETAILING	mil. $	Jan.-June	6,891.6	.....	10.7
WHOLESALING	mil. $	Jan.-June	5,401.3	.....	12.4
SERVICES	mil. $	Jan.-June	4,841.9	.....	14.4
OAHU NEW CAR SALES	number	Jan.-June	23,268p	.....	7.2
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX					
Wage Earners and Clerical Workers	1982-84 = 100	1st half 1990	136.3	3.3¹	7.0
All Urban Consumers	1982-84 = 100	1st half 1990	135.5	3.4¹	7.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1989	10,907p	.....	18.6
OVERNIGHT OR LONGER VISITORS	number	July	658,420p	6.6	6.5
	number	Jan.-July	4,071,870p	.....	4.2
Westbound	number	July	440,780p	4.2	2.3
	number	Jan.-July	2,795,790p	.....	0.7
Eastbound	number	July	217,640p	11.7	16.3
	number	Jan.-July	1,276,080p	.....	12.7
AVERAGE DAILY VISITOR CENSUS	number	July	140,770p	.....	−0.8
AVERAGE LENGTH OF STAY	no. of days	July	9.9p	.....	−2.9
MEETING ATTENDANCE	number	July	n.a.	.....	.....
ORGANIZED GROUP TOURS	number	Jan.-July	394,220p	.....	−2.2
COUNTY WESTBOUND VISITORS					
Oahu	number	July	315,630p	5.2	4.6
	number	Jan.-July	1,879,740p	.....	0.3
Maui County	number	July	183,920p	3.7	−8.5
	number	Jan.-July	1,170,910p	.....	−8.6
Hawaii	number	July	87,380p	2.0	−5.0
	number	Jan.-July	579,870p	.....	5.0
Kauai	number	July	106,040p	2.0	−2.3
	number	Jan.-July	651,240p	.....	−4.5

p = preliminary
e = estimated
¹Compared to 2nd half 1989.
n.a. = not available

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
COUNTY EASTBOUND VISITORS					
Oahu	number	July	208,860p	10.6	n.a.
	number	Jan.-July	1,235,340p	.....	n.a.
Maui County	number	July	35,170p	4.6	n.a.
	number	Jan.-July	204,940p	.....	n.a.
Hawaii	number	July	18,190p	−3.8	n.a.
	number	Jan.-July	119,830p	.....	n.a.
Kauai	number	July	13,420p	−6.6	n.a.
	number	Jan.-July	98,480p	.....	n.a.
VISITOR ACCOMMODATIONS					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY					
STATE	percent	July	81.2p	2.1	0.6
		Jan.-July	80.6p	.....	1.3
Oahu	percent	July	89.7p	1.1	1.2
		Jan.-July	87.9p	.....	1.0
Maui (Island)	percent	July	72.2p	6.3	3.9
		Jan.-July	72.2p	.....	1.4
Hawaii	percent	July	55.8p	0.9	−12.5
		Jan.-July	63.7p	.....	2.9
Kauai	percent	July	71.6p	7.8	−3.0
		Jan.-July	68.4p	.....	−3.9
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	1st quarter	567.0	.....	12.5
Military Payroll	mil. $	1st quarter	262.6	.....	14.2
Civilian Payroll	mil. $	1st quarter	171.3	.....	−3.0
Local Purchases	mil. $	1st quarter	133.1	.....	36.7
SUGAR					
VALUE OF UNPROCESSED CANE	mil. $	1989	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.-July	469.9	.....	0.3
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-July	467.8	.....	4.0
PINEAPPLE					
VALUE OF CROP (Farm Gate)	mil. $	1989	95.4	.....	−11.2
FRESH	thous. lbs.	Jan.-July	151,868	.....	−6.9
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	168,167	.....	10.4
FLOWERS & NURSERY PRODUCTS	thous. $	1989	62,295	.....	4.6
Anthurium Outshipments[1]	th. dozens	Jan.-July	423.6	.....	−23.7
Potted Foliage Plants	thous. $	1989	14,575	.....	17.3
FRUITS & NUTS	thous. $	1989	77,821	.....	26.5
Papaya Sales	th. lbs.	Jan.-July	32,580p	.....	−8.5
Average Farm Price	cents/lb.	July	34.0	47.8	64.3
Macadamia Nut Sales (in shell)	th. lbs.	1989	50,500	.....	11.0
Average Farm Price	cents/lb.	1989	89.0	.....	−1.1
VEGETABLES AND MELONS	th. lbs.	Jan.-July	37,532p	.....	5.3
LIVESTOCK	thous. $	1989	91,769	.....	3.5
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-July	17,205	.....	−17.0
Average Farm Price (Feedlot Beef)	cents/lb.	July	91.0p	−0.5	−2.7
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-July	3,611	.....	−0.7
Average Farm Price	cents/lb.	July	102.5p	0.5	−0.5
MILK PRODUCTION	mil. lbs.	Jan.-July	92.1	.....	−0.6
Average Price Sold to Plants	$/100 lbs.	July	20.7	1.5	−0.3
EGG PRODUCTION	mil.	Jan.-July	133.2	.....	2.2
Average Farm Price	cents/doz.	July	85.0p	0.0	4.9
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-July	5,024.6	.....	4.1
GAS SALES	th. therms	Jan.-July	32,249	.....	5.8
TELEPHONE LINES IN SERVICE	thous.	Jan.-July	564.7	.....	5.0

p = preliminary.
[1]From Hawaii County.

visitors, the eastbound visitor count grew by 13 percent to 1,276,080 visitors.

Westbound visitors to the Big Island increased by 5 percent over last year, partly due to the worldwide publicity of the eruption of Kilauea Volcano. Maui and Kauai experienced declines of 9 and 5 percent, respectively, to 1,170,910 and 651,240 visitors. Oahu's westbound visitor count rose marginally to 1,879,740 visitors.

Hotel occupancy through July stood at 81 percent, up by one percentage point from a year ago. The occupancy rates for Oahu and Maui County were up by one percentage point each to 88 and 72 percent, respectively. Hotel occupancy on the Big Island rose by 2 percentage points to 64 percent. Hilo hotels in particular experienced a 7-percentage point increase attributed largely to the increased traffic of visitors to Hawaii Volcanoes National Park. Kauai saw a 3-percentage point occupancy rate decline to 68 percent.

Agricultural activity statewide was mixed. Sugar production through July increased slightly to 469,896 tons, while the average New York raw sugar price increased by 4 percent to $468 per ton. Fresh pineapple shipments fell by 7 percent to 152 million pounds.

Production of vegetables and melons was up by 5 percent to 38 million pounds as of July. Papaya sales dropped by 9 percent to 33 million pounds. Anthurium outshipments stood at 423,600 dozens as of July, 24 percent fewer than last year. Beef and pork production were down by 17 and 1 percent, respectively, through July. Egg production was up by 2 percent, while the production of milk declined by 1 percent.

Hawaii's real estate market remained strong through July. Resales of single-family homes and condominium units grew by 9 and 13 percent, respectively. The average price of a single-family home rose by 34 percent to $390,772, and the average price of a condominium was up by 35 percent to $223,608.

All counties saw large increases in their respective average single-family home prices. Maui County led the pace with a 51-percent increase to $415,961. Kauai followed with a 41-percent rise to $328,436. Oahu continued to have the highest average price of $476,909 which was 40 percent higher than last year. The Big Island saw a 9 percent increase to $199,072.

The average price for a condominium on Oahu rose by 42 percent to $222,878. This was followed by Maui County's 28 percent increase to $264,185, which

was also the highest average condominium price. The average price of a Kauai condominium grew by 16 percent to $182,242, while the average price on the Big Island declined by 4 percent to $159,595.

Construction activity grew at a strong pace during the first half of the year. Construction put-in-place reached $1.9 billion statewide, 26 percent higher than the same period last year. Construction activity was up for all counties, with the Big Island experiencing the largest gain of 66 percent over last year. Construction put-in-place for Maui and Kauai Counties rose by 51 and 42 percent, respectively. Construction activity on Oahu increased by 21 percent to $1.6 billion.

As of July, residential and non-residential permits authorized statewide amounted to $1.1 billion. Both residential and non-residential permits authorized for Oahu were down by 7 and 6 percent, respectively, to $347 and $231 million. Kauai had increases of 14 and 67 percent, respectively, in the residential and non-residential authorized permits.

Permits authorized for Maui County and the Big Island were mixed. For the Big Island, residential permits authorized were up by 44 percent to $172 million, while non-residential permits authorized declined by 61 percent to $37 million. Maui County had a 9-percent decrease in residential permits authorized and a 46-percent increase in non-residential permits authorized.

Public sector construction statewide was up by 21 percent through July. This was due largely to state sponsored projects which increased by 70 percent to $317 million. The largest of these projects was the $108-million contract awarded for construction of a portion of the H-3 Freeway. Public construction activity at the county and federal levels declined by 29 and 24 percent, respectively, to $102 and $32 million.

Kauai had a 155-percent increase in public sector construction totaling $35 million. Public contracts awarded to the Big Island nearly doubled to $24 million, and Maui County experienced an 84 percent increase to $55 million. Oahu had the smallest growth of 6 percent, but received the bulk of the public construction contracts totaling $339 million.

Financial activity in Hawaii remained strong. Total bank deposits were up for all counties in July, and reached $12.6 billion statewide, 18 percent higher than last year. Total bank loans outstanding in the second quarter stood at $8.6 billion, a 17 percent increase over last year.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	thous. $	Jan.-June	1,869,437	.....	25.9
Oahu	thous. $	Jan.-June	1,549,240	.....	21.0
Maui County	thous. $	Jan.-June	121,994	.....	50.2
Hawaii	thous. $	Jan.-June	154,880	.....	65.6
Kauai	thous. $	Jan.-June	43,323	.....	41.5
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1982 = 100	July	146.4	2.7	6.7
HIGH-RISE	1982 = 100	July	143.7	3.8	9.1
PRIVATE PERMITS AUTHORIZED					
STATE RESIDENTIAL	thous. $	Jan.-July	733,110	.....	4.0
Single Family Units	number	Jan.-July	3,489	.....	2.1
Multiple Family Units	number	Jan.-July	1,818	.....	−18.4
NONRESIDENTIAL	thous. $	Jan.-July	375,320	.....	−8.3
OAHU RESIDENTIAL	thous. $	Jan.-July	347,407	.....	−6.8
Single Family Units	number	Jan.-July	1,072	.....	−12.8
Multiple Family Units	number	Jan.-July	815	.....	−37.5
NONRESIDENTIAL	thous. $	Jan.-July	231,140	.....	−5.8
MAUI CO. RESIDENTIAL	thous. $	Jan.-July	118,898	.....	−8.5
Single Family Units	number	Jan.-July	642	.....	3.7
Multiple Family Units	number	Jan.-July	394	.....	−30.9
NONRESIDENTIAL	thous. $	Jan.-July	58,997	.....	46.1
HAWAII RESIDENTIAL	thous. $	Jan.-July	171,605	.....	44.4
Single Family Units	number	Jan.-July	1,150	.....	−0.8
Multiple Family Units	number	Jan.-July	520	.....	64.6
NONRESIDENTIAL	thous. $	Jan.-July	37,368	.....	−60.7
KAUAI RESIDENTIAL	thous. $	Jan.-July	95,201	.....	13.9
Single Family Units	number	Jan.-July	625	.....	52.4
Multiple Family Units	number	Jan.-July	89	.....	134.2
NONRESIDENTIAL	thous. $	Jan.-July	47,816	.....	67.3
PUBLIC CONTRACTS AWARDED					
STATE	thous. $	Jan.-July	452,025	.....	21.0
Oahu	thous. $	Jan.-July	338,536	.....	6.4
Maui County	thous. $	Jan.-July	55,234	.....	83.7
Hawaii	thous. $	Jan.-July	23,667	.....	98.0
Kauai	thous. $	Jan.-July	34,585	.....	154.8
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-July	31,948	.....	−24.3
State	thous. $	Jan.-July	317,222	.....	69.5
County	thous. $	Jan.-July	102,405	.....	−29.0
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-July	2,623	.....	9.2
Average Price	dollars	Jan.-July	390,772	.....	33.6
Condominium	number	Jan.-July	4,878	.....	12.6
Average Price	dollars	Jan.-July	223,608	.....	35.0
OAHU: Single Family	number	Jan.-July	1,492	.....	2.5
Average Price	dollars	Jan.-July	476,909	.....	39.7
Condominium	number	Jan.-July	3,516	.....	7.6
Average Price	dollars	Jan.-July	222,878	.....	41.5
MAUI CO.: Single Family	number	Jan.-July	323	.....	15.8
Average Price	dollars	Jan.-July	415,961	.....	50.8
Condominium	number	Jan.-July	825	.....	21.5
Average Price	dollars	Jan.-July	264,185	.....	28.0
HAWAII: Single Family	number	Jan.-July	667	.....	26.8
Average Price	dollars	Jan.-July	199,072	.....	9.3
Condominium	number	Jan.-July	384	.....	67.7
Average Price	dollars	Jan.-July	159,595	.....	−4.3
KAUAI: Single Family	number	Jan.-July	141	.....	−0.7
Average Price	dollars	Jan.-July	328,436	.....	40.8
Condominium	number	Jan.-July	153	.....	−2.5
Average Price	dollars	Jan.-July	182,242	.....	16.0

p = preliminary.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1989	1,263.0p	.....	3.6
Total Resident Population	thous.	July 1, 1989	1,112.1p	.....	1.3
OAHU:					
Total De Facto Population	thous.	July 1, 1989	916.2p	.....	1.5
Total Resident Population	thous.	July 1, 1989	841.6p	.....	0.4
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1989	139.6p	.....	11.7
Total Resident Population	thous.	July 1, 1989	97.2p	.....	4.5
HAWAI'					
Total De Facto Population	thous.	July 1, 1989	138.0p	.....	9.3
Total Resident Population	thous.	July 1, 1989	122.3p	.....	4.1
KAUAI:					
Total De Facto Population	thous.	July 1, 1989	69.3p	.....	6.8
Total Resident Population	thous.	July 1, 1989	51.0p	.....	3.4
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1989	1,055.7p	.....	1.6
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION'	number	Jan.-July	3,856	.....	29.2

p = preliminary.
'Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	1st Qtr.	21,420p	1.6	9.9
EMPLOYMENT INCOME'	mil. $	1st Qtr.	16,537p	1.6	10.7
Manufacturing	mil. $	1st Qtr.	625p	−1.1	2.3
Construction & Mining	mil. $	1st Qtr.	1,455p	−1.4	18.7
Wholesale	mil. $	1st Qtr.	656p	3.0	10.4
Retail	mil. $	1st Qtr.	1,954p	2.1	11.8
Finance, Ins., & Real Estate	mil. $	1st Qtr.	1,172p	−4.7	16.4
Trans., Comm., & Util.	mil. $	1st Qtr.	1,396p	2.9	10.4
Services	mil. $	1st Qtr.	4,526p	2.1	11.5
Farm & Other	mil. $	1st Qtr.	384p	7.6	11.3
Federal Civilian	mil. $	1st Qtr.	1,142p	1.9	3.9
Federal Military	mil. $	1st Qtr.	1,448p	4.6	3.6
State & Local	mil. $	1st Qtr.	1,779p	2.4	12.6
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	1st Qtr.	3,218p	0.6	8.4
TRANSFER PAYMENTS ($2,802 minus personal contributions for social insurance $1,136)	mil. $	1st Qtr.	1,666p	3.7	5.4
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1989	18,306p	.....	9.3
Oahu	dollars	1988	17,450p	.....	7.0
Maui County	dollars	1988	15,279p	.....	7.7
Hawaii	dollars	1988	13,331p	.....	7.7
Kauai	dollars	1988	14,093p	.....	9.6

"Total personal income and all components are seasonally adjusted at annual rates.
'Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

HAWAIIAN BANK

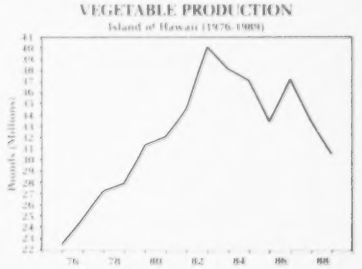
EFFECTS OF KILAUEA ON BIG ISLAND AGRICULTURE

The ongoing eruption of Kilauea Volcano since January 1983 has had a large economic impact on the Big Island. Worldwide publicity has boosted tourism revenues greatly, although this must be balanced against an estimated $61 million in damages caused so far by the eruption. One aspect that has received less attention is the eruption's impact on agriculture, possibly because it is more difficult to document. But volcanic ash and fumes creating "acid rain" have caused some adverse effects on diversified agriculture.

In its seven years of eruption, Kilauea has poured out over 1.5 billion cubic yards of lava and added over 110 acres of land to the Big Island. Kilauea also emits roughly 1,500 to 2,200 metric tons of volcanic gases every day. About 80 percent of the gas is made up of water vapors, with lesser amounts of sulphur dioxide, carbon dioxide and hydrogen.

This volcanic smog (or vog) is compounded by lava haze (or laze), the sulfuric acid-laden mist created when lava comes into contact with sea water. When incorporated into the clouds, the result is highly acidic rain that can burn vegetation or significantly retard the normal growth of plant life.

To date, no farms or fields have been destroyed by lava flow. However, volcanic fumes have been blamed for various crop damages on the Big Island. Although there have been no extensive studies on the impact of vog on Big Island crops, agricultural statistics suggest some causation between volcanic activity and lower agricultural production.



Since the eruption began, the yields per acre of many Big Island crops have declined. This correlation is particularly evident among vegetable crops. Between 1983 and 1989, the average annual yield per acre for fresh vegetables on the Big Island was 18,900 pounds, compared to 21,200 pounds between 1976 and 1982. The 12 percent difference between the two seven year periods is likely to be at least partly attributed to the volcano. The chart shows a decline in vegetable production from 1976 to 1989.

Leafy vegetables seem to be most affected by the volcanic activity. Production of Chinese cabbage dropped from 7.5 million pounds in 1982 to 5.3 million pounds in 1989, and the yield per acre declined by an average of 3.6 percent per year. The average yield per acre of Romaine lettuce was down by 7.4 percent per year as production fell from 1.2 million pounds to 665,000 pounds over the past seven years. The output of head lettuce also declined from 3.9 million pounds to 1.2 million pounds and the average yield per acre of lettuce fell by 7.6 per year during this period.

The yield per acre of cucumbers declined by 4.6 percent per year, causing production to fall from 2.8 million pounds in 1982 to 1.5 million pounds in 1989. Similarly, tomato production dropped from 5.1 million pounds to 3.0 million pounds, and the average annual yield per acre was down by 1.8 percent. The average yield per acre of Italian squash and celery declined by 9.4 and 6.8 percent per year, respectively.

The presence of volcanic fumes has also been linked to the unfavorable conditions of avocado trees and the increase in the number of misshapen fruits. Between 1983 and 1989, the average yield per acre of avocados was 4,030 pounds compared to 7,070 pounds per acre per year between 1976 and 1982.

Hawaii's floriculture industry has also experienced adverse effects of the volcanic activity. Growers of anthuriums, carnations, proteas and orchids have reported spots on blossoms, and in some cases, flowers that brown and burn. Other farmers have reported less vigorous growth in macadamia nuts, coffee and citrus crops since eruption began seven years ago.

It has been suggested that the volcanic activity could be responsible for a selenium deficiency in calves caused by an increased presence of sulfur in the air. The deficiency has been blamed for the increase in the number of stillborn calves and development and health related problems in surviving calves.

The Big Island's emerging aquaculture industry has also felt the effects of the volcanic activity. In the Puna district, the culture of ornamental fish such as koi has been hampered by the inability of the fish to survive in catchment water. Contaminants from volcanic gases have been cited as a major cause of the poor water quality.

Measuring the extent of damage caused by volcanic activity is difficult because there are so many other variables which impact plant and animal growth. In the case of head lettuce

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	July	539.5p	−0.3	2.4
Employment	thous.	July	524.2p	−0.3	1.7
Unemployment	thous.	July	15.4p	−1.3	34.1
Unemployment Rate	percent	July	2.8p	−3.4	27.3
OAHU:					
Civilian Labor Force	thous.	July	393.6p	−1.0	2.0
Employment	thous.	July	383.5p	−0.9	1.3
Unemployment	thous.	July	10.1p	−2.0	36.7
Unemployment Rate	percent	July	2.6p	0.0	36.8
MAUI COUNTY:					
Civilian Labor Force	thous.	July	57.5p	0.9	3.1
Employment	thous.	July	55.9p	1.2	2.5
Unemployment	thous.	July	1.7p	−2.9	37.5
Unemployment Rate	percent	July	2.8p	−6.7	27.3
HAWAII:					
Civilian Labor Force	thous.	July	60.1p	1.7	4.5
Employment	thous.	July	57.5p	1.9	4.2
Unemployment	thous.	July	2.6p	−1.9	13.3
Unemployment Rate	percent	July	4.2p	−4.5	7.7
KAUAI:					
Civilian Labor Force	thous.	July	28.5p	1.8	2.2
Employment	thous.	July	27.4p	1.5	0.4
Unemployment	thous.	July	1.2p	15.0	76.9
Unemployment Rate	percent	July	4.0p	11.1	73.9
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	July	572.1p	−0.1	2.9
Oahu	thous.	July	435.4p	−0.7	2.6
Maui County	thous.	July	54.2p	1.7	3.7
Hawaii	thous.	July	55.0p	2.3	5.6
Kauai	thous.	July	27.7p	1.8	1.5
SUGAR (Mill and Field)	thous.	July	5.7p	1.8	−3.4
PINEAPPLE (Cannery and Field)	thous.	July	3.8p	5.6	−10.6
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	July	16.8p	−0.3	−0.6
Durable Goods	thous.	July	4.2p	−1.2	−2.4
Non-Durable Goods	thous.	July	12.7p	−0.4	0.0
Apparel and Textiles	thous.	July	2.2p	−4.3	−13.7
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	July	9.5p	17.4	13.2
CONTRACT CONSTRUCTION	thous.	July	29.3p	0.0	−2.7
TRANSPORTATION	thous.	July	32.0p	1.1	4.4
COMMUNICATION	thous.	July	7.5p	0.7	1.4
UTILITIES	thous.	July	2.9p	1.8	0.0
RETAIL TRADE	thous.	July	113.6p	1.2	0.7
WHOLESALE TRADE	thous.	July	22.6p	0.4	1.8
FINANCE, INSURANCE AND REAL ESTATE	thous.	July	36.2p	0.6	2.7
HOTEL SERVICES—STATE	thous.	July	37.9p	−0.4	3.1
Oahu	thous.	July	19.5p	−0.3	4.8
Maui County	thous.	July	8.8p	−0.6	9.3
Hawaii	thous.	July	5.8p	0.0	−3.3
Kauai	thous.	July	3.8p	−1.3	−9.5
OTHER SERVICES	thous.	July	113.2p	0.3	4.3
FEDERAL GOVERNMENT	thous.	July	34.4p	−0.9	1.8
Civilian Agencies	thous.	July	15.3p	0.3	12.5
Defense Department	thous.	July	19.2p	−1.8	−5.7
STATE GOVERNMENT	thous.	July	52.3p	−10.5	5.2
COUNTY GOVERNMENT	thous.	July	15.8p	11.3	1.6
NON-AGRICULTURE SELF-EMPLOYED	thous.	July	39.1p	2.0	11.4

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE:					
Insured Unemployment (Wkly Avrg)	number	July	6,035	18.3	5.5
Intrastate Initial Claims	number	Jan.-July	35,315	.....	23.3
Interstate Initial Claims	number	Jan.-July	1,756	.....	9.8
Unemployment Insur. Benefits	thous. $	Jan.-July	29,667	.....	19.4
INCOME MAINTENANCE:					
Recipients[1]	no. persons	July	51,854	−1.2	1.8
Payments	thous. $	Jan.-July	74,382	.....	14.3
MEDICAL ASSISTANCE:					
Recipients[1]	no. patients	July	45,630	−9.6	4.8
Payments	thous. $	Jan.-July	129,511	.....	16.6
FOOD STAMPS:					
Recipients[1]	no. persons	June	78,926	0.2	−0.9
Payments	thous. $	Jan.-June	40,644	.....	9.7
SERVICES:					
Recipients[1]	no. cases	2nd Qtr.	7,021	16.0	4.9
Payments	thous. $	Yr. to 2nd Qtr.	18,681	.....	16.7

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	July	12,587.2	−0.1	18.1
Debits To Demand Deposits	mil. $	July	17,266.6	.....	24.5
OAHU:					
Total Deposits	mil. $	July	10,428.9	−0.1	18.2
Debits To Demand Deposits	mil. $	July	15,655.7	.....	23.6
MAUI:					
Total Deposits	mil. $	July	873.6	0.5	16.7
Debits To Demand Deposits	mil. $	July	683.1	.....	36.1
HAWAII:					
Total Deposits	mil. $	July	882.0	−1.3	20.3
Debits To Demand Deposits	mil. $	July	631.1	.....	37.1
KAUAI:					
Total Deposits	mil. $	July	402.7	1.4	14.1
Debits To Demand Deposits	mil. $	July	296.7	.....	21.9
BANK LOANS OUTSTANDING—STATE:	mil. $	2nd Qtr.	8,601.3	3.7	17.1
Real Estate	mil. $	2nd Qtr.	4,142.5	6.4	19.0
Consumer	mil. $	2nd Qtr.	1,312.8	1.5	8.3
Commerical & Industrial	mil. $	2nd Qtr.	2,535.4	3.1	20.7
Other	mil. $	2nd Qtr.	502.7	1.1	18.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	July	9.6	−4.0	−3.0
SAVINGS & LOAN ASSOCIATIONS:					
Total Deposits	mil. $	Feb.	5,000.0	0.8	12.4
Total Loans Closed	mil. $	Feb.	105.3	1.2	36.6
Mortgage Loans Closed	mil. $	Feb.	85.0	0.6	31.2
TAX COLLECTIONS:[1]					
STATE	thous. $	Jan.-July	1,460,985	.....	4.5
Oahu	thous. $	Jan.-July	1,273,487	.....	5.3
Maui County	thous. $	Jan.-July	82,789	.....	−8.6
Hawaii	thous. $	Jan.-July	71,412	.....	−5.3
Kauai	thous. $	Jan.-July	33,294	.....	1.1

[1]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

grown in Waimea, the principal cause of lower crop yield has been the spotted wilt disease. Similarly, the anthurium industry has been hurt by a bacterial blight which has reduced production.

Volcanic gases probably aggravate these problems by lowering the resistance of such plants, making them more susceptible to disease. Furthermore, the continued presence of vog blocks available sunlight and impacts the photosynthesis of plants. The result is less vigorous growth among various crops.

Because volcanic activity cannot be controlled, farmers are being forced to cope with the adverse effects of the vog. Tomato growers in Kona have been making adjustments in their farming techniques since experiencing extensive crop damage as a result of the four year eruption of Mauna Ulu in the late 1960s and early 1970s. During this eruptive phase, tomato plants dropped their flowers, and the fruits that did develop lacked seeds. Since then, growers have switched to a mainland variety which is more resistant to volcanic gases. The new variety can be grown outside, and the flowers do set even in an atmosphere poisoned by acid rain.

Various studies concerning the effects of vog on Hawaii's agriculture are currently underway. Federal funds have been granted to the University of Hawaii College of Agriculture and the Hawaii Anthurium Industry Association to study the effect of vog on the incidence of anthurium blight. Also, a proposed study on the suitability of catchment water for fish culture would examine the composition of catchment water supply, determine the effects of catchment water on fish, and recommend methods to improve the use of catchment water for fish culture. The results obtained from these studies could help farmers to improve growing techniques or to develop new strains which are more resistant to volcanic gases.

The extent of damage to the agriculture industry on the Big Island as a result of volcanic activity is difficult to measure. The value of vegetable and melon crop losses between 1983 and 1989 can be roughly estimated by taking the product of three components: the annual decline in yield per acre, the total harvested acreage and the annual average farm price of all vegetables and melons. The result shows an estimated loss of $3 million between 1983 and 1989, or approximately 3.5 percent of the $84 million vegetable and melon production during that period. While this may appear to be a small loss over seven years, it does demonstrate the harm Kilauea's eruption has inflicted on agricultural activity on the Big Island.

ECONOMIC INDICATORS

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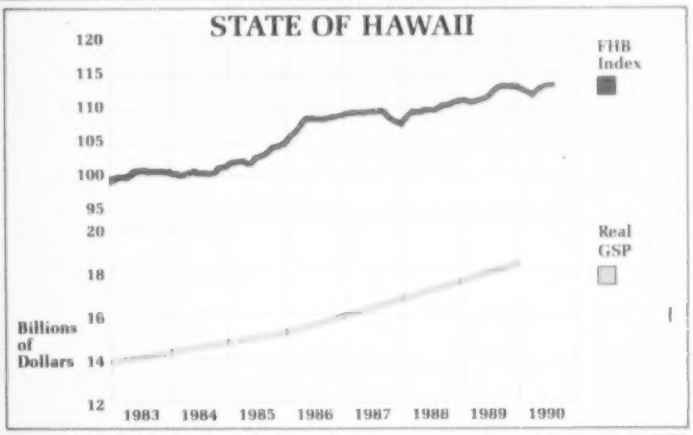

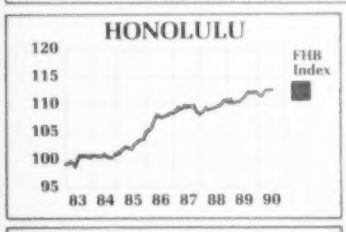

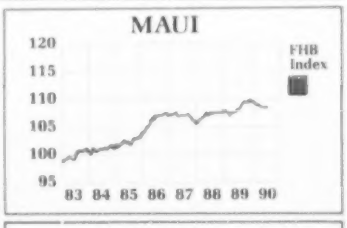

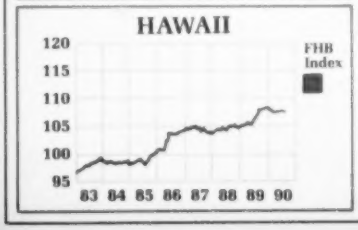

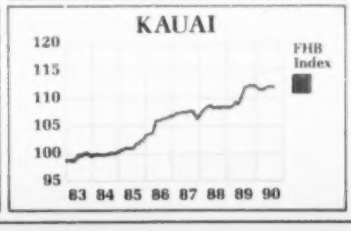

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators increased by 0.1 percent for July. This was the fourth in a series of consecutive but progressively weaker monthly increases in the index, which is signaling a slower growth level for this year. The components showing strengths were the public-construction, tourism, credit-demand and average-workweek-hour indicators. The interest rate indicator remained unchanged. The declining components were the inflation, private-construction, money-supply, Hawaii-stock and unemployment-insurance-claim indicators. At the county level, the Honolulu index increased, the Maui and Kauai indexes were unchanged and the Hawaii County index declined. For Honolulu, the public-construction, average-workweek-hour, tourism and employment indicators increased. Maui County showed strengths in the public-construction, employment and credit-demand indicators. For both Hawaii County and Kauai, the credit-demand indicator increased.

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